

NEWS SUMMARY

GENERAL

Polish unions fear decline

The prospect of mass desertion from Poland's official, Communist Party-dominated trade unions has forced new Party leader Stanislaw Kania to visit Gdansk and industrial Silesia to boost morale.

Many unions, notably the dockers and miners, are moving towards disaffiliation from the Central Trades Union Council and party leaders clearly see this as a threat to one of the main instruments of party control.

After touring the Gdansk shipyards, at the centre of recent unrest, Mr. Kania called for "patience and humility in rebuilding confidence in the party and warned against 'notions against socialism'."

Security talks
Preparatory talks began in Madrid for the European Security Conference, which will review the 1975 Helsinki agreement, with the Soviet news agency Tass saying it should put arms limitation before human rights, Page 2.

Job inequality
Roman Catholic boys in Belfast find it harder than Protestants to get work, said an agency set up to fight religious discrimination in employment, Page 9.

Times offer
Times Newspapers, which recently said its future was in danger, offered some printers up to £20,000 in order to buy out piece rate earnings and introduce new printing technology, Back Page.

Schools closed
South African Government closed all black junior and secondary schools in Port Elizabeth and Uitenhage after months of student protests and boycotts.

Androsch stays
Austrian Vice-Chancellor Hannes Androsch publicly promised to leave his chartered accountancy firm, thus saving his job in the Socialist Government after allegations about his business affairs.

Ads bomb
Saying it was impossible to assure "anyone's survival in the event of a direct or near-direct nuclear hit," the Advertising Standards Authority upheld complaints against two fallout shelter makers, Page 8.

Star faces jail
Actress Sophia Loren will be jailed for a month and fined £12m (£6,000) for tax offences if she returns to Italy, a court ruled. She can appeal to the Italian President.

Island demand
Chinese Vice-Premier Ji Peng Fei, calling for an Indian Ocean peace zone, said China would back a Mauritius demand for the return of Diego Garcia, a British island (territory used as a U.S. military base).

Sound judgment
Singer Cher was fined \$180 (\$75) for singing too loudly. She broke the 90-decibel limit in a Las Vegas casino by 25 decibels.

Briefly...
Government approved £8m plan to lengthen the runway of Manchester airport, Page 8.

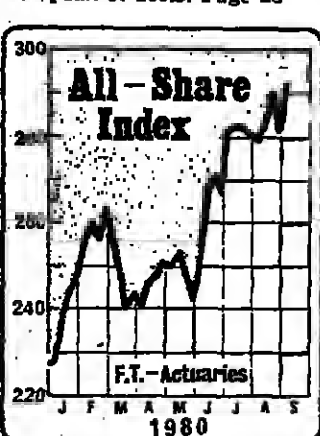
Chinese are too humble and courteous to foreign visitors, the People's Congress in Peking was told.

Cannabis worth £2m found buried in sand near to where £1m worth was discovered at the weekend.

BUSINESS

All-share index up to record 293.54

EQUITIES advanced strongly on the Treasury's optimism on money trends in the latter half of the financial year. The FT 30-share index leapt 11.9 to a 1980 peak of 293.54, Page 28.



FT ACTUARIES All-share index was up 1.4 per cent to an all-time high of 293.54 on late strength in equities.

CILTS reflected the all-round buoyancy of the market, with the Government Securities index jumping 1.41 to 1704, Page 28.

STERLING fell 1.80 cents to close at \$2.4005. Its trade-weighted index fell in 76.0 (76.5). DOLLAR rose to DM 1.735 (DM 1.770) and to SwFr 1.6320 (SwFr 1.6335), Page 23.

GOLD fell \$3.5 in London to close at \$669, Page 23.

WALL STREET was up 1.03 to 293.61 near the close, Page 27.

British Steel to divide soon

BSC's reorganisation into three divisions is expected to become effective by the end of the month. The divisions will cover general steels, special steels and strip steel, Page 7.

NEB is at an advanced stage of negotiation to sell its holdings in two companies specialising in computer software design, Back Page.

GENERAL INSTRUMENT and Burroughs, the U.S. high technology companies, plan investments in Britain together worth about £20m, Back Page.

FORD UK appointed Mr. Sam Toy, chairman and managing director, as successor to Sir Terence Beckett, who leaves at the end of this month to become director-general of the CBI, Page 7.

GENERAL MOTORS of the U.S. named Roger Smith as its next chairman, Back Page.

VENEZUELA's director of Public Credit, Sr. Hernan Oyarzabal, has resigned barely a month after spearheading over arranged for a Latin American borrower in the euromarkets, Page 5.

BICC the cable-making, industrial and engineering group, reports half-year pre-tax profits up 23.2 per cent to £34m, Page 18; Lex, Back Page.

RECKITT & COLMAN, food, household, toiletry and pharmaceutical product manufacturers, reported first-half pre-tax surplus down by £2.45m to £22.76m, Page 19; Lex, Back Page.

S. PEARSON and Son reports profits before tax and minority interests down from £20.6m to £17.9m in the six months to June, Page 18.

PEARSON Longman reports profits down by £4.9m to £5.6m in the half year, Page 18.

BOWATER Corporation, paper manufacturer, reports first-half taxable profit up £2m to £44.7m, Page 18.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	FALLS
Treasury 12pc 1984/1985	Marler Estates
Excise 12pc 1980/1981	Parrish (J.T.)
Allied Colloids	Plessey
BAT Inds	Racal Electronics
Bestobell	Somportex
Boots	Standard Chartered
Bowater	Stock Conversion
Cornell Dresses	Union Discount
Flight Refuelling	Vickers
GEC	Anglo-Amer. Corp.
C.R.E.	Blizard
Hawker Siddeley	Impala Platinum
ICI	Northgate
Kode Ltd	West Drie
Land Securities	
Leigh Interests	
Lex Service	
Lloyds Bank	
MEPC	
McChester Ship Canal	

Moves to ease markets' monetary growth worries

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT moved yesterday to reassure City markets about the outlook for monetary growth and for public sector borrowing following the announcement of another set of poor financial figures.

The Treasury announced an extension of inflation-proofed national savings, mainly benefiting people over 60. Proceeds are estimated at £1.5bn in the rest of the 1980-81 financial year. The aim is to ease pressure on the gilt-edged market.

Granny bonds to be revitalised, Page 7.

Editorial Comment, Page 16.

Lex, Back Page.

CBI to warn Mrs. Thatcher, Back Page.

and hence on long-term interest rates.

The Treasury said the rate of growth of the money supply should fall back significantly as bank lending is expected to moderate considerably in the second half of the current financial year. Similarly, public sector borrowing is also expected to be substantially lower in the second half of 1980-81.

chiefly because of the uneven pattern of receipts and spending throughout the year.

"The Government is determined to pursue the monetary policy set out in the Budget speech and the medium-term financial strategy," the Treasury added.

The moves succeeded in their immediate aim. Prices of gilt-edged stocks jumped sharply in response to strong demand to show closing gains of nearly £3. The FT Government Securities index rose by 1.41 points to 1704 for an overall gain of

nearly 5 per cent in the last 10 days.

There was immediately speculation about an early reduction in Minimum Lending Rate, although no hint about a cut was given in yesterday's official comments. The Government may prefer to wait until early next month to see another set of monetary figures.

The need for reassurance was underlined by yesterday's official figures. These showed that sterling M3, the broadly defined money supply, increased by about 3 per cent in the month to mid-August following a 5 per cent jump in the previous month.

As in July, the Treasury says, there is evidence that the money supply has been substantially increased by the unwinding of distortions created before the corset controls on the banking system ended in mid-June.

These controls limited the growth of a large part of the banks' deposit base, known as interest-bearing eligible liabilities.

to increase the contribution to financing borrowing by National Savings after its recent decline. This is to ease pressure on the gilt-edged market and on long-term interest rates.

Sterling M3 grew by an estimated 3 per cent last month, but there were major distortions to figures. Rate of monetary growth is expected to fall back significantly.

Public sector borrowing is expected to be substantially lower in second half of 1980-81. Central Government borrowing was £6.96bn in the five months April to August compared with a 12-month forecast of £9.3bn.

Government is determined

to increase the contribution to financing borrowing by National Savings after its recent decline. This is to ease pressure on the gilt-edged market and on long-term interest rates.

New index-linked certificate is to be introduced, initially available to everyone aged 60 or over, subject to a maximum holding of £5,000. Sales are expected to raise £1.1bn in the rest of 1980-81.

New certificate will be separate from the existing

index-linked scheme, which will be phased out. This limits holding to £1,200 and is available to men at 65 and to women at 60.

Limit on monthly payments under the National Savings Save-As-You-Earn scheme (third issue) is to be raised from £20 to £50 as soon as possible to bring it into line with the limit on the new SAYE share option scheme launched in October. Estimated receipts about £50m in 1980-81.

The official view is that it is too early to say whether the underlying rate of monetary growth has been around 26 per cent.

Consequently, even on the most charitable view, the underlying rate of monetary growth in the past six months has been above the upper end of the

same level. In July, the societies took in just over £2bn but withdrawals of more than £1.73bn left them with £340m of net new money.

The societies have been suggesting that mortgage rates will not fall until interest rates in the economy generally decline further. Net receipts have not been running at anything like historically high levels, but lack of demand for home loans has meant that recently all requests for finance have been met.

A big outflow of funds once the new "granny bonds" are on offer could again leave societies with insufficient funds to meet home loan requirements and put any drop in their own interest rates out of the question.

They are dismayed at the £1.1bn intake which Ministers are forecasting for the remainder of the financial year as a direct result of the "granny bond" changes.

The societies had net receipts of £3.3bn in 1979. Receipts this year have been running at about

create more difficulties for the societies, although they were offered the chance to participate in the SAYE index-linked scheme and turned it down because of the operating costs.

When it first became known that the Government was planning to increase its assault on the personal savings sector, the building societies pointed out to the Treasury the likely impact on their own funds.

They are dismayed at the £1.1bn intake which Ministers are forecasting for the remainder of the financial year as a direct result of the "granny bond" changes.

The societies had net receipts of £3.3bn in 1979. Receipts this year have been running at about

official 7 per cent to 11 per cent target range. The latest figures also suggest that there has not yet been a significant easing in private sector demand for bank credit.

This trend, and the substantially greater than expected impact of the corset distortions, has led to sharp criticism from the City of the official handling of monetary policy. But the markets themselves have been inclined to brush aside the recent performance in the hope that monetary pressures will ease and that the trend of interest rates is clearly downwards.

The next major step will be the half-yearly review of the monetary target, expected in late October or early November. Sir Geoffrey Howe, the Chancellor, opened the door in his March Budget speech for new targets which exclude the effects of the corset distortions.

The official view is that it is too early to say whether the underlying rate of monetary growth has been around 26 per cent.

Consequently, even on the most charitable view, the underlying rate of monetary growth in the past six months has been above the upper end of the

same level. In July, the societies took in just over £2bn but withdrawals of more than £1.73bn left them with £340m of net new money.

The societies have been suggesting that mortgage rates will not fall until interest rates in the economy generally decline further. Net receipts have not been running at anything like historically high levels, but lack of demand for home loans has meant that recently all requests for finance have been met.

A big outflow of funds once the new "granny bonds" are on offer could again leave societies with insufficient funds to meet home loan requirements and put any drop in their own interest rates out of the question.

They are dismayed at the £1.1bn intake which Ministers are forecasting for the remainder of the financial year as a direct result of the "granny bond" changes.

The societies had net receipts of £3.3bn in 1979. Receipts this year have been running at about

create more difficulties for the societies, although they were offered the chance to participate in the SAYE index-linked scheme and turned it down because of the operating costs.

When it first became known that the Government was planning to increase its assault on the personal savings sector, the building societies pointed out to the Treasury the likely impact on their own funds.

They are dismayed at the £1.1bn intake which Ministers are forecasting for the remainder of the financial year as a direct result of the "granny bond" changes.

The societies had net receipts of £3.3bn in 1979. Receipts this year have been running at about

create more difficulties for the societies, although they were offered the chance to participate in the SAYE index-linked scheme and turned it down because of the operating costs.

When it first became known that the Government was planning to increase its assault on the personal savings sector, the building societies pointed out to the Treasury the likely impact on their own funds.

EUROPEAN NEWS

Nine years of legal wrangling draw to a close in Kassel this week, writes Kevin Done in Frankfurt

The final battle looms for a bigger Frankfurt airport

NINE YEARS of legal battles over the expansion of Frankfurt airport, one of the most important junctions in international air travel, approach their climax this week.

The airport administration and the local city and provincial authorities appear close to winning their case, but victory this week in the Hesse state administrative court could signal the start of a less-than-peaceful protest campaign.

Frankfurt airport, the hub of West German air communications, handles more air freight than any other airport in Europe, including London Heathrow, and is second only to Heathrow as a European passenger airport.

For a long time, however, it has been working to the limit of its capacity at peak traffic periods. Take-offs and landings were so congested two years ago that the airport's very viability was in question. The arrival of wide-bodied jets in the early 1970s delayed the moment when the airport could no longer cope, but it gave only temporary relief.

The chief reason for Frankfurt airport's dynamic growth is its role as a transfer terminal. More than 40 per cent of its 18m passengers a year join connecting flights, while as much as 70 per cent of the 640,000 tonnes of air freight is for onward shipment.

Other European airports are competing fiercely for that kind of traffic. Herr Erich Becker, the airport's chief executive, warned recently that if Frankfurt could not expand, airlines would move elsewhere, "above all to Paris, Amsterdam or Zurich, but not to other German airports."

The airlines have bluntly expressed their dissatisfaction. According to the association of the 70 or so airlines flying to Germany: "The lack of capacity of the present take-off and landing system is causing flight delays to build up to an unacceptable degree. Without the expansion of the Frankfurt runway system, airlines are forced to seriously consider the removal of flights or of whole networks to other foreign airports, that today and for the future are in a position to act as transfer terminals."

The airport administration first won planning approval from the Hesse State Government as long ago as 1971, but that decision met a wave of local protest, chiefly on environmental grounds, with no fewer than 104 legal objections being lodged. Thirty-eight of those objections are still unresolved.

The legal battle has been waged all the way to the Federal Administrative Court in Berlin, the final point of appeal, and back again to the Hesse State administrative court in Kassel.



With up to 66 flight movements an hour, Frankfurt Airport is at the limits of its capacity.

The Federal Court was largely satisfied with the case for expansion and that it had been presented according to the law, but it asked the provincial court to look again at the airport administration's traffic growth forecasts to check whether they had been inflated.

Independent experts produced

their judgment on this point earlier this year—supporting the airport's case—and it is their evidence which will be heard this week in Kassel.

But Herr Heinz-Herbert Karry, the Hesse State Economics Minister, and in this case the local planning authority, decided in July that

the matter was too urgent to wait for the courts. On the strength of the latest expert evidence he ordered an immediate start to work on the new runway—18 West.

But decisions are not that simple. Herr Karry's action can be challenged in the courts, and the airport administration still has to buy the land for the runway, which will eat up more than 900 acres of woodland south of the city. Compulsory purchase could come eventually, but it will all take time.

To build the DM 150m (£35m) 18 West will take up to three years, so whatever this week's verdict it is unlikely to be in use before 1984.

More immediately, the airport authorities—the airport is owned jointly by the city of Frankfurt, the State of Hesse and the Federal Government—could face rowdy protests right on their doorstep.

More than 6,000 demonstrators last week occupied land by the airport and announced they would go into permanent occupation if construction work was threatened. They have already built a sturdy wooden hut as a full-time observation and information post in the middle of the land where the runway is to be sited.

Large areas of the city woodlands have already fallen to motorways, and the airport's opponents do not want to lose more prime recreation land

close to the city. They also disagree with the forecasts of traffic growth, suggest that flights could be diverted to other German airports, and are suspicious of the airport authorities' figures for the jobs the new runway would create.

The airport authorities reply, a little wearily after nine years of argument—that the airport is already at the limit of its capacity—35 flight movements an hour with sometimes up to 66 in good weather—and they repeat that without the extra runway airlines will leave. They say 18 West would give 25 per cent extra capacity and would hugely increase flexibility.

The authorities are aware also that they cannot let the airport stagnate. It is a main reason for the dynamic growth of Frankfurt and the Rhine Main conurbation into an economic powerhouse of Europe. The airport alone employs 30,800 people, is the largest employer in the state after Hoechst and Opel, and generates 45 per cent of the state's gross domestic product, while its presence guarantees the existence of around 42,000 more jobs for local suppliers and tradesmen servicing the airport.

The authorities realise they cannot afford to lose the fight and that the pressure of time is increasing. But after nine years, the protesters are not going to give up without a struggle.

Cool reception for Suarez's revised line-up

BY ROBERT GRAHAM IN MADRID

SPAIN'S new 23-man Cabinet, reshuffled on Monday and sworn in yesterday, has been given a cool reception, both by the political parties and the Press.

Several Press commentaries underlined that the reshuffle represented the last chance for the Prime Minister, Sr. Adolfo Suarez, to retain the confidence of his own Centre Democratic party and of the electorate as a whole. This is the fifth major Government change since Sr. Suarez took office in July, 1976. The policies of the new team will decide how the party faces up to the next general election, due in 1983.

Typical of the reaction of the parties was a laconic statement from the main opposition Socialists, who noted that the ministerial changes "involve the return of former ministers, who have previously been dismissed because they were considered to have failed in their jobs."

The leading independent daily, *El País*, said that the return of political heavyweights to the Cabinet, excluded after the general election in March, 1979, represented a stronger team. But the paper stressed that Sr. Suarez had done a somersault in dealing with internal party differences and criticisms.

That is the most notable aspect of the reshuffle. Rather than silencing his critics by excluding them, Sr. Suarez has been obliged to include them. In terms of ministerial experience, there is little doubt that this is the best Cabinet Sr. Suarez has fielded, but how it will work as a team dealing with the problems of economic recession, regional autonomy, constitutional development and law and order, is questionable.

Sr. Suarez's most outspoken critic, Sr. Francisco Fernandez Ordóñez, leader of the Social Democrat faction within the Centre Democrats, has been given the Justice portfolio. Sr. Fernandez Ordóñez has openly flirted with the Socialists in the past. The allocation of this portfolio to him is a sop to liberals both inside and outside the party as he will guide controversial legislation that includes such divisive issues as divorce.



Adolfo Suarez: last bid for support

The appointment has created unease among the more traditional Catholic elements of the party. Sr. Suarez hopes this will be offset by the reappearance of the hard-line former Interior Minister, Sr. Rudolfo Martín Villa, to take over the delicate portfolio of Regional Autonomy. But this sop to the Right could antagonise the regional parties, especially the Basques and those who want to devolve more power to the regions.

Sr. Suarez has removed his long-serving Foreign Minister, Sr. Marcelino Oreja, to make way for the ambitions of his associate, Sr. Jose Pedro Perez Llorca. This move illustrates just how internal the shake-up has been and how blind Sr. Suarez is to the international scene. The Foreign Ministry change came on the opening day of the conference to review the Helsinki Accords, which Spain is presiding over in Madrid.

Despite the changes, Sr. Suarez is still left facing the problem that emerged from his breaking of consensus politics with the Socialist Party, and the electoral rebuffs received in the Basque and Catalan parliamentary elections in the spring. His own party is nine short of a stable working majority in Parliament and the Prime Minister now has to count on the support of the Catalan Nationalist party, headed by Sr. Jordi Pujol, and the assistance of the right-wing Democratic Coalition.

Neutrals try to head off East-West clash in Madrid

MADRID — Neutral and non-aligned nations moved swiftly at the start of the European Security Conference here to head off a threatening clash between East and West.

The third European conference in five years, with 35 Governments represented, opened a preparatory session in low-key fashion, with no public hint of controversy. But officials said there could be serious trouble ahead in settling conference procedures.

The U.S. and its NATO allies expect the Soviet Union to press for a timetable that would limit discussion on issues such as Afghanistan and human rights when the conference moves into full session on November 11.

The nine neutral and non-aligned participants, led by Austria, met privately soon after the opening ceremony to

begin framing a compromise formula to bridge procedural differences between the 17 Western Governments and the seven-nation Soviet bloc.

All European nations except Albania are taking part, together with the U.S. and Canada. Outside the Western, Communist and neutral groups, the Vatican and the principality of Monaco are represented.

In the next four to five weeks diplomats will seek agreement on ground rules for the main debate, scheduled to last three months. That debate will range over the fulfilment of 10 basic principles agreed by leaders of the 35 states at the first conference on security and co-operation in Europe at Helsinki in 1975. The second review conference, in Belgrade in 1978, ended in East-West deadlock over human rights.

Reuter

EEC boats' overfishing angers the Norwegians

BY FAY GJESTER IN OSLO

NORWAY IS concerned about overfishing by European Community countries in the North Sea, and is considering possible counter-measures, Mr. Elvind Bolle, the Fisheries Minister, said yesterday.

Addressing the congress of the Norwegian fishermen's union in Trondheim, Mr. Bolle said EEC fishermen were not observing the quotas laid down in the annual agreement between Norway and the EEC.

A Fisheries Ministry official in Oslo explained that the EEC has had difficulty in enforcing the quotas because of disagreement between the Nine about a common fisheries policy. "But if they can't uphold their part of the bargain, we can't be expected to continue curbing

catches by our fishermen," he said.

Overfishing affected several important types of fish, but was particularly marked in the case of mackerel. The EEC's quota for mackerel this year was 6,700 tonnes, of a total of 55,500 tonnes, and Norway had evidence that it had been substantially exceeded.

Possible counter-measures could include the lifting of restrictions on the Norwegian fishermen's mackerel catches of banning EEC fishermen from catching other types of fish in Norway's zone.

Norway and the EEC have had quota agreements concerning North Sea stocks for three years. The agreements are expected to continue curbing

renegotiated annually.

Well test may be delayed

BY OUR OSLO CORRESPONDENT

TESTING OF the first well on a promising Norwegian gas find in the North Sea may have to be postponed for the second year running because of the danger of autumn storms. If so, it will result from a five-week strike by rig crews in July and August, which delayed all Norwegian sector exploration drilling.

Shell said yesterday that the company had planned to test the well, on Block 31/2, with the mobile rig West Venture as soon as the rig had finished testing another well on the

same block. Now it was reconsidering because of the possibility that storms might force suspension of testing, as they did a year ago.

The rig might be used instead to drill a fifth exploration well on the block and testing of the first well would be postponed until next spring.

FINANCIAL TIMES, published daily except Sundays and public holidays. Subscription rates: £365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

You probably know good stationery by instinct. Here are a few facts to back you up.

Conqueror gives expression to your company image.



First, the paper must feel different the instant it's taken out of the envelope. It must have an unmistakable crispness and substance. When you handle it, it should have a solid feel — always the sign of a good paper.

It should also have a watermark in every sheet. And a perfect textured finish to give it a distinctive traditional appearance. Plus a full range of colours and thicknesses for business cards, brochures, report covers and other company communication.

If your paper fulfils all these requirements, it's very probably Conqueror. The paper which sets your company apart from the rest.



THE CONQUEROR MILL

A business paper should have an unmistakable crispness and substance.



Each Conqueror sheet is the product of traditional Craftsmanship.

To: Wiggins Teape (Mill Sales) Limited, (GAD) Fine Papers Division, P.O. Box 88, Gateway House, Basing View, Basingstoke, Hampshire RG21 2EE

Please send me a Conqueror Sample Folder.

Name

Position

Company

Address

conqueror
Prestige business stationery
from Wiggins Teape. Since 1888.

Wiggins Teape (Mill Sales) Limited, Fine Papers Division, P.O. Box 88, Gateway House, Basing View, Basingstoke, Hampshire RG21 2EE

CONQUEROR and THE CHECKERED FLAG SYMBOL are trade marks of Wiggins Teape Limited.

EUROPEAN NEWS

OPEC indexing 'will not stop' big price rises

BY RAY DAFTER, ENERGY EDITOR, IN MUNICH

DR. ULF LANTZKE, executive director of the International Energy Agency, said yesterday that there could still be further major oil price rises, in spite of the expected move by major exporters to introduce an indexed pricing system.

The Organisation of Petroleum Exporting Countries will be drawing up firm proposals for a new pricing strategy in Vienna next week. There, the organisation's Foreign, Finance and Petroleum Ministers will be preparing the ground for their strategy summit to be held in Baghdad later this year.

Dr. Rene Ortiz, OPEC's general secretary, said at the World Energy Conference in Munich yesterday that an indexed price structure, adjusted for inflation and currency fluctuations, would protect oil tariffs in real terms and bring stability and predictability to world energy markets.

Asked what assurances on prices OPEC could give consumers, Dr. Ortiz said that if it had not been for the organisation acting as a moderating force, the price of oil last year would have been pushed beyond \$100 a barrel, or three times the present base rate for Middle East crudes.

But Dr. Lantzke said energy consumers would need to know much more about the index system before they could welcome OPEC's initiative. There was a real danger that prices could be doubly hit. During times of slack demand, they would rise on an indexed basis, and when supplies were tight there could be market-led leaps in tariffs and spot rates.

He asserted that oil prices were now sufficiently high to encourage conservation and the competitive development of other fuels. Earlier, he had told delegates that given a "major effort," member countries of the IEA — basically the OECD nations — could reduce their oil imports from the present level of 24m barrels a day to 20m b/d in 1990 and 17m b/d by the turn of the century.

The projection was based on an average economic growth in industrialised countries of 3.2 per cent annually; an average energy growth at half the rate of economic growth; a doubling of IEA coal production and use by 1990, and a tripling by 2000; and a 2.5-fold increase in nuclear power by 1990, with a five-fold increase by the end of the century.

M. Michel Pecquer, chairman of the French Atomic Energy Commission, produced figures to show that in the past three years only 36 nuclear plants of 3.4 gigawatts (thousand megawatts) were ordered in OECD countries. Ten of these were in France. But in the same period 48 orders (50 gigawatts) were cancelled, 32 of which were to be installed in the U.S.

Mrs. Jane Carter, Under-Secretary in the UK Department of Energy, said that economic pricing of energy lay at the heart of British conservation policies. "The best way of encouraging substitution is to make sure that consumers are not protected from the true costs of using oil," she said.

Sixteen hurt in battle over Dutch squatters

BY OUR AMSTERDAM CORRESPONDENT

POLICE fought running battles through the streets of central Amsterdam early yesterday with demonstrators protesting against the removal of squatters from a house in the city. Eight police and a similar number of demonstrators were hurt in the battle, the fourth serious confrontation over the issue of housing in the Dutch capital this year.

About 250 riot police fired tear and nausea gas to clear several hundred young demonstrators from the streets. Nine arrests were made during the battle and the squatters were removed. The demonstrators threw stones, set fire to workmen's huts and smashed shop windows.

The police clearance of the occupied house earlier in the evening was the third attempt to remove squatters in recent weeks. Each time the squatters had returned. In the most recent occupation of the house, the owner, a British businessman, Mr. John Cutts, was alleged to have been pushed down a flight of stairs by the squatters.

The Netherlands' squatters' movement has come into conflict with the police because of its efforts to dramatise the housing shortage in large Dutch cities. Amsterdam alone has 50,000 people on its urgent housing list. A quarter of the homeless are under 23. Nearly 7,000 homes in Amsterdam are in the hands of squatters.

In advance of the general election due next May, the political parties have all included ambitious house-building programmes in their draft manifestos. The Government last week announced plans to put more money into house building.

Simpler aid call by shipowners

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH SHIPOWNERS have called for more flexible Government aid and a simplified system of subsidies to help them withstand competition in the 1980s.

According to a report commissioned by the Royal Dutch Shipping Association (KNRV), the Dutch shipping industry has remained profitable over the past decade despite the crisis in world shipping. But returns have not been enough to allow investment for the future, the survey, "Shipping in the 1980s," noted. The smaller companies in particular face capital shortages.

Shipping employs 30,000 people in the Netherlands and makes a large contribution to the balance of payments, the association said. Investment should, therefore, be maintained at least at present levels. Shipowners qualify for an investment subsidy of 15 per cent and a further special premium of 5.5 per cent spread over five years.

The shipowners called for easier conditions on the subsidies, asking for repayment of the subsidy to be waived if a vessel is sold after six years instead of after the present 10 years. This would encourage quicker modernisation of fleets, they argued.

They also want smaller companies to be given additional tax incentives to encourage them to raise private capital. Shipowners, bankers and the Government should discuss alternative forms of financing for this sector, they said.

LESLIE COLITT REPORTS FROM WARSAW

The rare frankness of an economic chief

MR. HENRYK KIESEL, until recently Poland's Finance Minister, has admitted that he and the entire former Communist leadership under Mr. Edward Giersek were to blame for "ineffective investments" that contributed to the economic crisis in Poland. Such an admission is all the more remarkable as Mr. Kiesel is now Poland's Planning Commission chief.

Mr. Kiesel is an astute economist who studied in Geneva and enjoys a good reputation among Western bankers. The final judge, however, of the new economic strategy, which he and the new party leadership are formulating, will be ordinary Poles who massively rejected the old strategy.

The Planning Minister has an impressive command of statistics as he reels off the 30bn zlotys (1412m) in strike losses, the fall in industrial production during August of 10 per cent and explains that one kilo of Polish ham exported to the West allows Poland to import two kilos of meat from Argentina. Mr. Kiesel, however, knows that both options are not available to Polish housewives.

His frankness is rare for an East European Communist who joined the party near the end of the Second World War, at a time when he says it was the party of "people who were being executed." He admits the workers have "taught us so much" and not for the first time. He went through the upheavals of 1949, 1956, 1968, 1970 and now "I live through 1980."

Occasionally, though, Mr. Kiesel lapses into the abstract language of the official party newspapers when he speaks of the current "rebellion" by a "certain group among the workers." The reason he offers was the "imbalance" in the market caused by an excess of purchasing power over available goods. "Sometimes a certain range of goods was missing," he notes.

He also speaks of the need for the "honest work of millions" of Polish workers to make up for the losses, an appeal issued daily by the mass media.

Many a Western Economics Minister would agree with Mr. Kiesel that "we must convince workers there cannot be greater consumption than production."

In the Polish context, though, this becomes a loaded formula. Workers throughout the country are clamouring for wage rises equal to those in the Gdansk agreement as well as for a five-day working week and more food and consumer goods.

Mr. Kiesel promises that the Government wants to increase consumption in the remaining months of this year but this may be too little and too late. Polish consumers do not need to be told there is a "lack of equilibrium" in the marketplace that must be overcome.

At the moment, however, they want to see pork and sausages in the butchers' shops. At times like this, Communist leaders wish they could act like Government leaders in the West who, when times get hard, can appeal to the populace to give support by accepting lower wage rises and credit restrictions. In Eastern Europe, the economic and political system itself is in the dock and with each new cyclical crisis the party's call for a restoration of confidence "between the working class and the party" falls on deaf ears.

Mr. Kiesel says the planning

system is to be decentralised, with increased independence for management and local government and less interference by the Planning Commission. If this reform in the Hungarian mould were to be achieved in Poland it would be a gain. But the situation now is that the workers' demands for independent unions, freer information and even for Government and party officials to be legally responsible for their mistakes, means that even limited reform may have come a decade too late.

Poland's planning chief is one of the rare top Communist officials to have remained on the top long enough to speak of "our economic mistake" and "inability" to see ahead. He remarks that nobody listened when "I sounded the alarm," and adds, "You know what it is like in the party for many years."

He speaks of the need for a "voluntary" and "spontaneous" loan by the people to the Government of several billion zlotys — a move with several precedents in post-war Polish history. This time, he says, the Government will, not officially

back the appeal for such a popular loan.

Poland's top planner is convincing when he assures Westerners that this country has the full confidence of Western bankers. He praises U.S., West German, British and Japanese banks for coming through with their loans, calling them a "testimony of confidence in our people and working class." A moratorium, he says, is out of the question, adding later "at this time I may spit blood, but I pay my debts," he says with a smile.

On the urgent need for Poland to export, he observes that the Foreign Trade Minister has the task of exporting whatever the country can. Investment projects are to be reviewed for their cost effectiveness and in the future the planning chief would not approve of investment decisions as he had done.

On the question of whether the Government will succeed in breaking through the thickening tangle of economic and political problems facing it, Mr. Kiesel says simply: "It is the Hamlet question, to be or not to be?"

French President puts off Polish trip

By Robert Mauthner in Paris

PRESIDENT Giscard d'Estaing of France has postponed a visit to Poland which he was due to pay at the end of this month, clearly because of the recent social and political upheavals in that country.

The postponement of the French President's visit follows a similar decision by Herr Helmut Schmidt, the West German Chancellor, at the height of the Gdansk shipyard workers' strike.

M. Giscard, who had established good personal relations with Mr. Edward Giersek, the former Polish Communist Party leader, is reported to feel that a visit by a Western statesman in the present uncertain climate in Poland would be inappropriate. In particular, it could be interpreted by the Soviet Union as an attempt to influence the political situation.

French officials stressed, however, that France had every intention of maintaining close relations with Poland. M. Michel Poniatowski, the former French Interior Minister, now frequently used by President Giscard as a special roving ambassador, is expected to visit Poland soon.

Jonathan Carr adds from Bonn: Chancellor Schmidt has sent a letter to President Jimmy Carter repeating his view that Poland will need further economic help from the West.

Herr Schmidt's letter is in reply to one sent by Mr. Carter about a fortnight ago, calling for "an exchange of views" on Polish aid. Similar messages are also understood to have been sent to Mrs. Margaret Thatcher, Britain's Prime Minister, and President Giscard.

Germans postpone steel battle

BY JONATHAN CARR IN BONN

A POLITICAL showdown in the dispute over co-determination in the West German steel industry has now become highly unlikely before the general election on October 5.

This is bound to be one effect of the decision by Mannesmann to postpone a crucial meeting of its supervisory board on the co-determination issue from the planned date of September 12 to November 21.

The decision does not imply that the dispute is close to solution. But it does mean that when the board comes to grips

with the issue, the clamour of the election campaign will be far behind.

This gives a valuable breathing space to the Social Democratic Party (SPD) and the Free Democrats (FDP) — the two partners in the coalition Government — who plan to continue their alliance in Bonn, but who hold sharply diverging views on the Mannesmann co-determination case.

The issue arises because Mannesmann plans to reorganise its pipes and steel divisions in such a way that the

company would escape strict rules established in 1951 on parity representation for labour and capital on the supervisory boards of coal and steel concerns.

The Mannesmann management wants to bring in the new system in mid-1981, with a six-month run-in period, arguing that it can save about DM 50m annually through the restructuring. This plan would have been up for decision by the supervisory board on September 13, and a sharp confrontation was likely.

4,000 more Irish jobless

By Stewart Dalby in Dublin

UNEMPLOYMENT IN Ireland rose again in August. Although the Government does not give percentages for the jobless, it said that 4,000 people were added to the republic's dole queues. This means that by the end of last month unemployment was at least 105,000, the worst figure since early 1977.

Since the workforce in Ireland is probably around 1.1m, unemployment is therefore nudging 10 per cent.

FOR £42

A WEEK IT'LL

MAKE YOUR

CASH FLOW.

£42 a week buys you a complete computerised accounting system which gives immediate management information, so you can take faster, more accurate decisions than the competition.

In the present economic climate, you'll be happy to know that the system will save more than it costs.

It will give you your up to date profit situation, regular sales statistics and budget variances. It will give you instant credit control, automatic VAT control, automatic sales analysis, and up to date stock control.

The Olivetti BCS 2030 is the most cost-effective business computer on the market, and with over 16,000 systems installed in the UK and over 52% of the market, we are pretty sure we can design and install an accounting system precisely for your business.

We believe we have the best software library in the UK. And, in the unlikely event that we haven't encountered the problems in

your field, then we'll design a system specially for you.

And there is nothing to worry about where support is concerned. With 29 branches around the UK, we can give you all the support and service you'll need.

Olivetti business computers will give you all this and more from £42 per week.

And if you can't afford £42 per week, take it from us you don't need one.

For a copy of our booklet "Management Information Service" contact:

Valerie Barker, British Olivetti Ltd., 30 Brixley Square, London W1X 6AH.

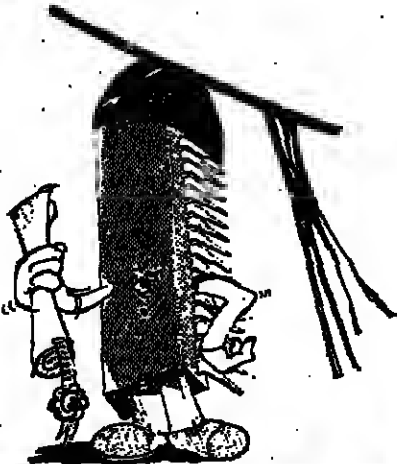
Name _____

Address _____

Company _____ Tel. _____

BCS FT 108

olivetti
Our business is business



The Educated CHIP

This year everyone is discovering how much a microchip has to 'learn' before it can earn its keep.

But Transmitton's educated chips have already 'graduated' in hundreds of skills. They regulate environmental conditions over large sites, and control highly technical operations with complex but proven programmes.

Turning today's theories into tomorrow's practice.

Transmitton
Logic in control

Transmitton Limited, Selsby Road, Ashby-de-la-Zouch, Leicestershire LE8 5UG. Tel: 05304 5941. Telex: 342224.

OVERSEAS NEWS

Marcos's many problems pick up steam

BY PHILIP BOWRING, RECENTLY IN MANILA

FILIPINO POLITICS are like an old steam engine, constantly vibrating and emitting periodic puffs of smoke even when motionless. Of late, the engine has been vibrating and puffing more than usual. The question is: Is this the beginning of real movement?

Is President Marcos's regime at the start of a final downhill run which at worst will see him ousted by bloody revolt or at best will see the clamour for his removal become so loud that he will peacefully hand over power?

Or is this the beginning of the evolution towards a succession which would leave President Marcos in command in the medium term? Or is the most likely outcome little movement at all? Will skilful manipulation leave him as firmly in charge as ever, with the disunity of the opposition brought into sharp focus?

On the face of things, President Marcos is in as difficult a position as at any time since he declared martial law and inaugurated his "New Society" regime in September 1972, indefinitely prolonging his second term of office as president and thwarting the presidential ambitions of his rival, Mr. Benigno Aquino.

Last month, a series of bombs went off in Manila. The authorities attributed them to the "light" a fire movement, alleged to be responsible for earlier arson attempts in Manila. Some alleged members of the



Mr. Benigno Aquino

movement, which appears to be right wing and middle class in origin, are now on trial in Manila.

The bombs did little damage, but they may have had a propaganda effect, disturbing President Marcos and showing there could be no peace while he remains in power.

Mr. Aquino, released from jail a few months ago to have a heart operation in the United States, has stayed away, and from the U.S. is actively campaigning against President Marcos. In a much-publicised speech to the Asia Society in New York early this month, Mr. Aquino warned that violence, kidnappings and assassinations

would mount as desperate opponents tried to overthrow the regime.

President Marcos is also facing severe economic problems. Oil price rises have forced the nation further into debt and, as the world moves into recession, unemployment is rising again. For many, real incomes are falling.

Muslim secessionists are still fighting in the south, and Communist insurgents are operating in several areas, while a variety of non-violent opposition groups have formed a precarious front to fight for an end to martial law and for free elections. It includes Mr. Aquino's Laban Party, former President Diosdado Macapagal, and regional parties from the Visayas and Mindanao. Other signs of opposition include an upsurge in student demonstrations, and President Marcos's loss of the tacit support of two influential families, the Laurels and Osmeñas.

Simmering hostility continues between the Church and the Government. Cardinal Sin, the church leader who last year openly clashed with the Government, has been quiet recently, but Pope John Paul is to visit the Philippines at the end of this year or early next. If his message is similar to the ones he delivered in Brazil in July, his visit could be embarrassing.

Rumours persist that the President, 63 tomorrow, is seriously ill. Although he looks fit

enough, he is widely believed to be suffering from a disease which will incapacitate him within a few years. True or not, that theory affects the way others act. Cardinal Sin's criticisms have centred not so much on the martial law regime as on the lack of any mechanism for the succession, and on the danger of factional conflict when President Marcos leaves the scene.

Clearly, President Marcos has problems, but they are as yet far from fatal. Corruption may be almost as pervasive as in the Shah's Iran, and some eminent families may be as devoted to accumulating wealth at the public's expense as the Somoza family in Nicaragua. The President's personal dictatorship and the trappings of military rule also have something in common with South Korea's late President Park Chung-hee.

But things in the Philippines are seldom what they seem from afar, partly because of a national passion for hyperbole. There remains a wide measure of freedom of speech. Political prisoners are few, and some democratic forms survive. There is at least theoretical commitment to the rule of law, and despite oil crises economic progress has been made.

President Marcos, an old campaigner on the "bustings in democratic days, is not aloof from his people, like the Shah, nor an indecipherable, ultra-disciplined visionary like the late



President Marcos

President Park. Filipino society is marked more by cheerful indifference than by martial authoritarianism. And the President is still the pre-martial law politico who changed all the rules to suit himself.

For all the popular sympathy that Mr. Aquino enjoys, it was widely believed that when he flew off to the U.S. for his operation, it was the result of a deal with President Marcos. Some saw Mr. Aquino's tough-sounding New York speech as an attempt to restore his credibility as an opposition leader in the face of these suspicions.

In Manila, the speech was headlined in the press, but in such a way as to try to discredit Mr. Aquino by making him

appear an advocate of bloodshed and terror. In fact, he mentioned these only as possibilities planned by others.

The wild card is the army. No regime could be less martial than this one. "Martial law" in the Philippines is a civilian creation. Mr. Juan Ponce Enrile, the Defence Minister, is a civilian lawyer, and no recently serving officer has come near the Cabinet so far. But the war against the Moslems in the south has greatly enlarged the army, producing colonels and brigadiers with both combat and administrative experience.

The Philippines could explode tomorrow. But the big questions now seem to be about the medium term, not the short term. Will Mr. Aquino eventually succeed President Marcos? And, if so, in opposition to, or with the blessing of, his predecessor? There could be a gradual return to democracy which would allow the emergence of Mr. Aquino or some other old or new elected leader.

President Marcos could remain effective for another 10 to 15 years. Mrs. Marcos, plus friends, might succeed. The army could intervene. A Communist or Peronist populism are both outside chances.

The possibilities are endless. The likelihood is that President Marcos will ride out his immediate problems and that neither the ingredients nor the personalities in Philippine politics will change decisively in the foreseeable future.

IRAN-UK RELATIONS AT NEW LOW

Siege mentality grows in Tehran

BY PATRICK COCKBURN

THE WITHDRAWAL of the four remaining British diplomats in Tehran marks a new low in relations between the UK and Iran, but it is unlikely to have a dramatic effect on British interests.

Exports to Iran, which have increased dramatically since the beginning of the year, are likely to continue. British businessmen have generally not sought diplomatic assistance in securing contracts.

There was some criticism of the pull-out from British citizens in Tehran yesterday, who said that the remaining 90 UK citizens in Iran had not been informed of the withdrawal. But efforts by the British embassy to protect citizens arrested by the Iranian authorities have in the past proved fruitless.

Since the takeover of the U.S. embassy by militant students last November, all foreign embassies in Tehran have been regarded with suspicion by Iranians. Soon after the American diplomats were taken hostage, the British embassy was briefly occupied.

The mounting strength of the clergy and Islamic militants has led to the growth of a siege mentality. Mr. Saadollah Khazaei, Iran's Foreign Minister, has warned of the dangers of Iran becoming totally isolated, but was unable to prevent it.

The West, the Soviet Union, and most of the Third World are denounced daily in the Iranian media.

France, with which the revolutionary régime initially had friendly relations, has been denounced for allowing the former premier, Mr. Shahpour Bakhtiar, to pursue his campaign from Paris against the

rule of Ayatollah Khomeini. Two months ago, the French Foreign Ministry considered withdrawing some of its diplomats following a campaign of intimidatory telephone calls.

Attempts by some politicians to cultivate potential allies in the Third World have been swamped by widespread and growing xenophobia. An effort by Mr. Qoribadeh to encourage friendly relations with Pakistan were denounced by the clergy-dominated Islamic Republican Party which has a majority in Parliament.

Demonstrations by Iranian students living abroad have increased the pressure against the remaining Westerners living in Iran. The arrest of militants in Washington and London was reported with a wealth of gory detail by the Iranian media.

In London, policemen on horseback were reported to have attacked a group of peaceful demonstrators with whips.

Such reports have been used by the Islamic Republican Party to attack its more moderate opponents, who are accused of being soft on the "foreign menace".

Antipathy towards foreigners living abroad has focused on foreign embassies in Tehran, to some extent stage-managed. It provides a simple and identifiable target for popular wrath at a time when the revolutionary leaders are themselves engaged in prolonged and bitter faction fighting.

But the size of the demonstrations outside the U.S. Embassy during Ramadan show that the militant students holding the U.S. hostages still have genuine and widespread popular support.

'Campaign of accusations' attacked by Bani-Sadr

PRESIDENT Abolhasan Bani-Sadr of Iran said yesterday that he had rejected seven of the 21 Cabinet Ministers proposed by Prime Minister Mohammad Ali Rajai because they represented a "minority group" which has extended its control over everything and wishes to control the Government by despotism.

A Government must be formed before the Iranian Parliament can discuss the fate of the 52 American hostages, who spent their 311th day in captivity yesterday.

President Bani-Sadr said a campaign of "accusations and provocative articles" had falsely questioned his loyalty to the Parliament and Ayatollah Khomeini. This is aimed at gagging the President, he told a crowd in a Tehran square.

BY BERNARD SIMON IN JOHANNESBURG

INTEREST in the unsolved murder of a leading South African financier in 1977, and in the scandal surrounding the former Department of Information has been rekindled, following Press reports of mysterious financial transactions involving Dr. Nico Diederichs, South Africa's Finance Minister from 1967 to 1974, and later the country's State President.

The Rand Daily Mail reported yesterday that it had confirmed the existence of a secret Swiss bank account opened on Dr. Diederichs' behalf, and that it had "further indications" that Dr. Diederichs held assets abroad.

A Swiss bank was used by the Department of Information to "launder" funds for its overseas propaganda projects in the mid-1970s.

Mr. Jaap Marais, a leading right-wing politician, claimed last year that a top South African Government official had deposited R28m (£15.5m) in a Swiss bank account for a future Government-in-exile.

The bank account has also been linked to investigations into the murder three years ago of Dr. Robert Smut, South Africa's former Ambassador to the International Monetary Fund.

The Minister of Police last year denied Mr. Marais' allegations. No official comment has yet been made on the latest reports. In terms of South Africa's foreign exchange controls, it is illegal to hold assets abroad without Reserve Bank permission.

Dr. Diederichs' financial affairs have been given wide publicity in the last few days, following the disclosure that the executor of his estate had advised creditors that the estate is insolvent.

The shortfall of assets to liabilities is roughly estimated at R425,000 (£236,000).

Israel Cabinet optimistic on backing for freeze

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Government is increasingly hopeful that it may be able to win the agreement of unions and industrialists for a seven-month freeze on prices, wages and taxes.

The "package deal" was first proposed a month ago by Mr. Arnon Gafny, Governor of the Bank of Israel—the central bank—who argued that it would help slow Israel's rampant inflation, at present running at an annual rate of more than 130 per cent.

The original response of the Treasury, trade unions and industrialists was cool, but they have slowly come round to believing a limited freeze may prove helpful in fighting the country's major economic illness.

Mr. Gafny's basic proposal is that between now and March 1981, the prices of all goods and services—including fuel and other government-controlled commodities—would be allowed to go up by only 4 per cent a month.

The Government would also abolish certain tax benefits, but would not touch tax relief affecting the real income of wage and salary earners.

For their part, workers would waive the already-agreed wage increment of 7.5 per cent due to be paid in November, this loss being offset by the expected drop in inflation.

Mr. Gafny says these measures will reduce unemployment, stimulate economic growth, and reduce inflation to about 20 per cent a year.

The Histadrut labour federation does not like this plan because it means a drop in workers' real incomes. It also doubts that the proposal will cut unemployment, now at 13.500. But rather than totally rejecting the idea, the federation says it will prepare its own proposals for an economic package deal.

The industrialists, who are being asked to curb prices and curtail profits, remain the most lukewarm to the proposed package. The Manufacturers Association, which represents private industry, has complained that the package deal is only partial, and does not sufficiently spell out the Government's contribution.

If the Finance Ministry and the Histadrut can reach agreement on terms, private industry will probably fall in line. An indication of this can be seen, according to Mr. Gideon Patai, Industry Minister, in the fact that the private sector is already pushing up its prices in anticipation of the freeze.

Executives. Fly British Caledonian and you'll still feel like an executive when you land.



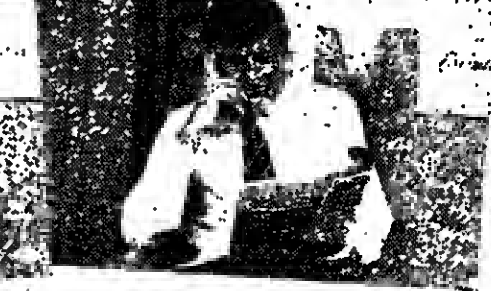
In British Caledonian's Executive Cabin—a genuinely separate cabin you'll find on all our wide-bodied jets—you get a seat with more legroom than Economy passengers—and more legroom than most other airlines' so-called executive cabins.



There's a choice of entrées and a good wine to wash your meal down. On the Hong Kong route, if you choose to eat Chinese, we'll provide the final touch of authenticity: chopsticks.



'Would you care for a liqueur, sir?' You're feeling pleasantly replete and very comfortable. The drinks are on us. The Scottish hospitality is free, too.



Time to scan the newspapers and magazines. There's a choice on every flight.



Before you drop off to sleep, you can always take in the movie. (Two on Hong Kong flights.)



Or tune in to 9 channels of sound entertainment. Rock, classical, jazz, comedy, light music... whatever you prefer.



You feel like a snooze. That legroom really pays off now. And if you're an inveterate insomniac you'll appreciate our free eyemasks and slippers.



Hong Kong, 6 pm the next day. Nicely in time for a shower, a meal and another good night's sleep. Or Houston, 4 pm, or Atlanta, 3.05 pm—conveniently timed for catching onward connections. (And, from October 26th, the same applies to our new DC-10 service to St. Louis and Dallas/Fort Worth).

Executives who arrive at their destinations feeling washed-out aren't likely to make good businessmen.

Executives who arrive feeling alert and ready for action, are.

That's why it makes good business sense to fly to North America or Hong Kong in British Caledonian's Executive cabin.

Ask any travel agent or British Caledonian office for details.

British Caledonian
We never forget you have a choice

مكتبة الشعب

WE FLY TO AND FROM: ABIDJAN, ACCRA, ALGIERS, AMSTERDAM, ATLANTA, BAHIA, BENGAZI, BOGOTA, BRUSSELS, BUENOS AIRES, CARACAS, CASABLANCA, DAKAR, EDINBURGH, FREETOWN, GENOA, GLASGOW, GUAYQUIL, HONG KONG, HOUSTON, JERSEY, KANO, LAGOS, LAS PALMAS, LIMA, LISBON, LUSAKA, MANCHESTER, MOSCOW, ORAN, PARIS, QUITO, RECIFE, RIO DE JANEIRO, ROTTERDAM, ST. LOUIS, SANTIAGO DE CHILE, SAO PAULO, TRIPOLI, TUNIS.

AMERICAN NEWS

Nicholas Colchester and Hugh O'Shaughnessy interview the Brazilian Planning Minister in London

Delfim Netto blames it all on oil

THE balance of payments is now the main constraint on the Brazilian economy and will hold the real rate of economic growth down to around 5 per cent from now on, Sr. Antonio Delfim Netto, the Brazilian Planning Minister, said in an interview in London yesterday. This rate, relatively low for Brazil, compares with 6.4 per cent in 1979, "over 6 per cent" this year and 12.2 per cent in the heyday of the country's growth in the early 1970s.

Sr. Delfim said it remained his policy to let Brazil grow as fast as the balance of payments would allow. But he admitted: "Brazil has a problem." He felt that: "We will have a problem lasting two, three, four years." Nevertheless he was adamant that the Brazilian Government had no intention of approaching the International Monetary Fund in a quest for finance.

Multi-product mineral plan

Despite the external problem of Brazil's debts—now standing at some \$55bn—and the internal one of inflation which recently registered an annual rate at the wholesale level of 108 per cent, Sr. Delfim still appeared unperturbedly optimistic.

He said the Brazilian money supply was now "under control," having fallen a little in July and probably also in August. This, he said, would stabilise inflation at its current

BRAZILIAN DEBT SERVICING					
Principal	1980	1981	1982	1983	1984
Private debt	2.7	3.4	3.2	2.5	1.2
Public debt*	4.0	3.6	2.5	2.8	3.1
Total principal	6.7	7.0	5.7	5.3	4.3
Interest					
Private debt	2.1	1.7	1.2	0.8	0.4
Public debt*	4.2	3.7	3.1	2.7	2.4
Total interest	6.3	5.4	4.3	3.5	2.8

* Includes private debt guaranteed by the public sector.

Source: Brazilian Government

level and even lead to a slight reduction over the rest of the year.

Sr. Delfim also postulated that the balance of payments, which has consistently failed to live up to the Government's predictions early in the year, would benefit in the second half from a more stable price for oil and because the Government would no longer be stocking up with oil as it had during the first half.

He explained that the crisis in Iran had prompted the Government to build up oil stocks from a value of \$800m in December 1979 to about \$3bn today. This had added to the oil import burden, whose increasing weight Sr. Delfim blamed squarely for the worst-case-expected Brazilian trade balance so far this year. He predicted that exports for the year would be \$20bn, but that imports would be \$22bn, producing a deficit of about \$2bn where he had earlier predicted a balance.

"For 1980 it is now quite clear that we will finance our deficit without any great trouble—perhaps an increase in spreads or something like that," the Planning Minister said confidently, adding: "But in 1981 the situation may be more difficult." He went on: "Of course, the bankers would like us to achieve a dramatic change in the balance of payments. But they recognise that we are doing our best. It is not enough. But it is our best."

In the first part of the year, Brazil reduced its calls on the international banks by running down its currency reserves. Sr. Delfim said reserves now stood at \$8.8bn, compared with \$9.7bn at the end of last year. "The minister said the reserves had risen by some \$200m over the past few months. On the

question of discoveries of gold, he said the Government was not expecting a production of more than about three tons a month—equivalent to \$700m a year. Playing down the importance of these finds, he added that buying the gold would lead to a problem in the circulation of increased quantities of cruzeiros.

On wages, Sr. Delfim forecast government moves to limit the purchasing power of the better-paid wage earners. He foresaw an arrangement under which the wages of the higher-paid would not rise so regularly to match inflation. "Companies and state enterprises cannot afford it," he commented.

Turning to the capital projects under construction or being studied, Sr. Delfim said the multi-billion pound hydro-electric scheme of Itaipu on the Paraná river was on schedule.

He admitted, however, that problems with the Acominas steel plant in Minas Gerais had put it some six months behind schedule. This he attributed to "very poor financing" and the arrangement under which Brazil was borrowing foreign currency to cover cruzeiro costs.

Money supply under control

On the multi-product mineral scheme of Carajás, Sr. Delfim added, Brazil was being very careful. "We are wanting to attract direct investment to Carajás. We don't want to finance it through loans. We are attracting Arab, German, Japanese and, we hope, French investment. But now is not the time to talk about such a big investment."

In explaining the excessive rise in imports this year, Sr. Delfim attributed it all to the rising cost of oil. "We used to use 8 per cent of our export revenues to pay for oil. Today we use over 30 per cent. You can't adjust for that," he said.

In the longer term, Sr. Delfim is confident this problem will be reduced by a "radical change in the pattern of our oil use." He predicted that in 1985-86 Brazil would be producing 500,000 barrels of oil a day, deriving 170,000 barrels a day of alcohol from sugar cane, and using coal equivalent to another 130,000 barrels of oil a day. This would provide more than half the daily consumption in 1984-85 of some 1.5bn barrels a day. He added wistfully that "if we find more oil" the transformation would be still more striking.



Sr. Delfim: "It is not enough. But it is our best."

Venezuela credit chief quits a month after \$1.8bn loan

BY PETER MONTAGNON

BARELY ONE month after spearheading the largest single eurocredit—\$1.8bn—ever arranged for a Latin American borrower in the euromarkets, Sr. Herman Oyarzabal has resigned his post as Venezuela's Director of Public Credit.

The resignation was for personal reasons, according to government officials in Caracas, but the news prompted eurocredit bankers in Europe to speculate that Venezuela may be having more difficulty than pre-

viously thought in resolving the problems it faces with the excessive propensity of government agencies to borrow short-term in the euromarkets.

Sr. Oyarzabal has returned to a position in commercial banking and been replaced by Sr. Carlos Zubillaga who was formerly head of International Banking Relations at the Banco del Lara banking group.

Government officials in Caracas stressed yesterday that Sr. Zubillaga will continue to make strenuous efforts to overcome the short-term debt problems of Venezuelan public agencies.

Before the \$1.8bn eurocredit was signed in early August some of these agencies had developed a reputation for late payments of principal and interest.

Now, according to the sources in Caracas, Venezuela's Finance Ministry plans to present to Congress in October a new law authorising further conversion of the short-term debt into medium

and long-term debt. Meanwhile, short-term borrowing abroad by government agencies is to be held to a minimum and the Republic of Venezuela plans to float three long-term bond issues on international markets between now and the end of the year.

These will be a Yankee bond for approximately \$150m led by Salomon Brothers, a DM 250m bond through WestLB and a ¥300m Samurai bond through Daiwa Securities. Taken together these

issues should yield some Bolivares 3.4bn (\$34m) which is the outstanding limit of the Government's present authorisation to borrow abroad at maturities over two years.

In the past Venezuela has had to grapple constantly with such Congressionally imposed limits on medium and long term borrowing abroad. This was the main reason which prompted state agencies to concentrate on short-term borrowing.

Reagan sets out full plan for 30% tax cut

BY DAVID BUCHAN IN WASHINGTON

MR. RONALD REAGAN, the U.S. Republican Party's presidential candidate, yesterday laid out his full plan for income tax cuts which would come close to 30 per cent by 1983, and promised that if elected his appointees to the Federal Reserve Board "will share my commitment to restoring the value and stability of the American dollar."

Speaking to a Chicago business audience in what his campaign staff billed as a major economic policy address, Mr. Reagan yesterday reiterated his earlier goal of cutting income tax by 10 per cent a year in 1981-83 to stimulate economic growth.

Mr. Reagan had later softened this plan, only committing himself to a 10 per cent reduction next year, because of criticism from the Carter administration that bigger cuts made consensus of the Republican's other pledges to balance the budget and increase defence spending.

These doubts are evidently shared by important Republican leaders. Mr. Gerald Ford, the former President, said just before Mr. Reagan's Chicago speech: "I would not be committed to a 10 per cent tax reduction for each year over the

next three years right now," and that he would want to wait and see how economic conditions evolved.

But Mr. Reagan was yesterday clearly striving to set his economic platform in sharpest contrast to the economic programme set out by President Carter late last month. Mr. Carter then called for a relatively modest \$27.5bn tax cut next year, compared with the \$36bn Reagan plan, and weighted heavily towards tax relief for business and investment.

Mr. Reagan called for "a stable, sound and predictable monetary policy"—a theme not sounded much by the Carter Administration which has left this preserve of the Federal Reserve Board out of its campaign rhetoric. Mr. Reagan said he was well aware that the U.S. central bank "is, and should be, independent of the executive branch of government."

His speech contained no overt criticism of the Federal Reserve's policies, and, in fact, as President he would find his opportunities for changing the Board's make-up limited. In the normal course of events a President could only make two appointments in one term of office.

Six U.S. Army divisions 'unfit'

SIX of the 10 Army divisions based in the U.S. are rated as unfit for immediate combat and would need six weeks to be fully trained and equipped to fight, according to a confidential U.S. Army report disclosed this week. David Buchan reports from Washington.

The report underscored recent warnings by service chiefs to Congress that priority given to forces stationed in Western Europe and South Korea had drained off manpower and resources from divisions at home.

New Ford prices may mean losses

By Ian Hargreaves in New York

FORD MOTOR yesterday unveiled an aggressive U.S. pricing strategy for its new world car, the Escort-Lynx, in an attempt to seize a commanding position in the market when Detroit's new models go on sale next month.

But Ford's prices, which start at a mere \$5,123 for the smallest basic Escort, probably mean that the company will be losing money on the new vehicles, at least initially. Mr. David Healy, motor industry analyst for the Wall Street firm of Drexel Burnham Lambert, said he thought the prices "would mean Ford losing 'around \$200 a copy in the first few months of production,'" but then to lift prices have established a strong market share.

This means, Mr. Healy believes, that the company will go on losing money in North America next year. Ford is expected to lose more than \$2bn in North America this year, with profits overseas reducing the overall loss almost by half.

Next year, Mr. Healy foresees Ford returning to the black overall, with profits of around \$700m, but losses in the U.S. of around \$200m.

Ford's Escort-Lynx prices, which range up to more than \$7,000 per car according to engine size and specification, are \$1,000 lower than Chrysler's K car and General Motors' X-body cars.

Ford's price structure also shaves its dealer margins, down to only 6 per cent for the basic Escort, compared with the traditional 18 per cent on larger cars in better times.

This presumably means that the car will sell at the official Ford sticker prices, rather than being subject to local discounting by dealers.

Now! From the start!

High 'long term' interest without a 'long term' decision.



Everyone starts at the top.

You do not have to choose your term because, unlike some other "escalator" or "convertible" schemes, all Leicester Option Bonds receive the top rate right from the start—currently 12.50%. Leave the half-yearly interest in your Bond and the return is equal to an annual rate of

*12.89%—worth 18.41% to a 30% basic rate tax payer.

The interest rate may vary but we guarantee to pay 2% above our ordinary Share rate if you keep the Bond for five years. You do not have to stay in for five years though. That's the special benefit of Option Bonds.

You can opt out after two years.

At any time after the initial 18 months you may give six months' notice of closure. If you withdraw your Option Bond within five years, normal interest will not be paid or credited after the end of the month in which you give notice. However, we guarantee that the interest rate above the Share Account rate—from the date of investment to the date of repayment—will not be less than:

	Guaranteed Rate above Share Account Rate %	Current Interest Rate %
Closure on or after 2nd Anniversary	.75	11.25
Closure on or after 3rd Anniversary	1.00	11.50
Closure on or after 4th Anniversary but before 5th Anniversary	1.50	12.00

Or stay on longer than five years.

You may ask for repayment on the 5th anniversary otherwise your Option Bond goes on earning the extra 2% subject to three months' notice of closure by you or the Society.

Choose growth or income.

You can invest any amount from £100 in Leicester Option Bonds up to the new maximum shown in the coupon. Half-yearly interest can be added to the Bond, credited to a Share or Deposit Account or paid to you or your bank. If your investment is £1,000 or more you can have your interest paid to a bank account each month to provide a regular income.

How to get your Option Bonds.

Apply to any of our 200 branches or 1500 agencies throughout the UK or use the coupon below.

To Leicester Building Society, Oakby, Leicester LE2 4PF. 184
I/We enclose cheque for £ (minimum £100) to be invested in Leicester Option Bonds. I/We understand that the investment cannot be withdrawn (except in case of death) for a minimum period of two years.
☐ Tick here if you require interest to be paid monthly to your bank account (£1,000 minimum investment).
☐ Tick here if you would like further details of Leicester Option Bonds.

FULL NAME(S) _____ DATE _____

ADDRESS _____

SIGNATURE(S) _____

All new accounts are subject to completion of the Society's formal declaration card. Maximum total holding in the Society is £20,000 for an individual, £40,000 in joint accounts.

© Leicester Building Society

Nifisk
—the world's largest manufacturer of Industrial Section Cleaners—
Bury St. Edmunds, Suffolk. 0284 63163

REQUIRED IBM COMPUTER:
IBM C22—System 34 Computer with following:
Primary Memory, 13 Megabyte Disc and 20 Diskette Drive, 160 LPM line printer and on to 5 work stations.
Contact: Neal Bros. (Leicestershire) Ltd., Silverdale Drive, Thurmaston, Leicester. Tel. 0533 625341.
Telex 342258 Neals GPD

WORLD TRADE NEWS

China and U.S. sign air agreement

By Tony Walker in Peking

CHINA and the U.S. have concluded an air transport agreement which gives one American airline rights to fly two scheduled services between New York and Peking each week.

China's national airline the CAAC, will match the Peking-New York schedule. The U.S. had been hoping to secure agreement for more than one of its airlines to fly the China route.

While rejecting proposals for more than one U.S. airline to operate the route, China's civil aviation negotiators have effectively agreed to look again at the possibility of allowing another carrier in two years' time.

The initial agreement is understood to provide for two flights a week through Tokyo. However, neither the CAAC or the U.S. carrier will be able to pick up passengers in Tokyo. The U.S. carrier is yet to be designated. Though there is intense bidding by interested airlines taking place in Washington, the successful company is expected to be Pan Am.

Another element said to be in the agreement is for a balancing of passenger numbers. Apparently, neither airline can carry more than 57.5 per cent more passengers than the other without paying compensation. This is to protect the CAAC which has trouble competing with established international carriers, and is unusual for the U.S. which usually prohibits such commercial agreements.

According to a brief announcement by the Xinhua, the Chinese news agency, the agreement was signed by senior U.S. and Chinese negotiators in Peking on Monday.

AP reports from Tokyo: Japan's TOA domestic airlines said yesterday it will receive funds worth the equivalent of \$191m (£79m) from a consortium of 17 European commercial banks to finance its purchase of nine wide-bodied Airbus jets.

EEC vetoes Dutch export plan

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS has run into problems with the EEC Commission over plans to help Dutch companies appoint an export manager to boost their foreign sales effort.

Commission objections have forced the Dutch to withdraw a £1,900,000 (£195,000) aid programme to help small companies meet the costs of an export specialist.

The Commission's objections have halted the scheme before it even got under way. Companies had been given until November to apply for the subsidy.

The Economics Ministry described as "disappointing" the Commission's request that the Dutch drop the plan on the grounds that it would influence trade with Community members. The Dutch, nevertheless, have decided to withdraw the scheme immediately pending a meeting with the Commission to discuss the difficulties.

The Dutch Government first announced in June that it would pay half the salary, social security and travel costs of an export manager for the first six months of his employment up

to a maximum of F130,000 per company. The scheme was open to companies employing up to 200 and was intended to encourage small concerns to start exporting or to strengthen their position in existing markets.

The scheme was experimental but was clearly seen as a potentially useful measure since last month it was extended to the textile industry as part of a far-reaching programme to stimulate the hard-pressed cotton, rayon, linen and wool sectors.

Aid to textile firms was to have been more generous with

the subsidy applying for 12 months and up to a maximum of F160,000.

These moves were part of a continuing effort to boost the flagging Dutch export performance. A survey of the export activities of small and medium-size companies published earlier this year by one of the large banks revealed that few of the smaller companies employed an export specialist.

Many were unaware of the potential for foreign orders, and many contracts were the result of chance rather than of deliberate policy decisions.

UK to sell pulp wood to Swedish group

BY WESTERLY CHRISTNER IN STOCKHOLM

A THREE-YEAR pulpwood contract with the Britain's Forestry Commission has been secured by Billerud, the Swedish pulp, paper and packaging group. The contract, covering the sale of 50,000 tons of pulpwood per year to Billerud, is the largest signed with a UK company, according to Mr. Egil Akre, group purchasing director for the Swedish group.

Deliveries are scheduled to begin in November. However the purchase price was not disclosed.

The deal completed between

the Forestry Commission and Billerud reportedly resulted from the surplus created when Wiggins Teape decided to close a plant at Fort William, Scotland. Several other Swedish companies, including Södra Skogsägarna were competing for the deal.

Traditionally Sweden was an exporter of pulpwood until the mid-1970s, when the major expansion of its sulfate industry caused a sudden domestic shortfall of the material. Billerud uses 3.5m tons of pulpwood a year.

The main suppliers for

Sweden have included Denmark and Norway, the U.S., West Germany and Poland. Recent pulp wood deliveries from Poland were heavily disrupted by the labour strikes there, Mr. Akre said.

Iran has placed orders for the supply of 30,000 tons of paper to be supplied by Swedish companies over the next few months, Reuter reports from Tehran.

Swedish embassy officials said the orders from the State Centre for Paper Distribution were mainly for wood-free writing paper and some

quantity of printing paper. The purchases were in addition to orders already placed by private importers.

The Centre said the first consignment under the order will arrive in Jula, through the Soviet Union, in 10 days and that shipments of 1,500 tons will reach Iran every 15 days thereafter.

Swedish officials said supplies could be disrupted by serious bottlenecks at Iranian ports and border checkpoints. The paper distribution centre also said it is negotiating further purchases from Brazil and South Korea.

Foreign cars boost share of French market

BY TERRY DODSWORTH IN PARIS

IMPORTED CARS raised their share of the French market significantly in July and August, capturing sales from the Peugeot group which is reckoned to have lost about 20 per cent of its penetration compared with a year ago.

Although detailed figures have not yet been published, the jump in imports seems mainly due to increased sales from Volkswagen, Opel and Fiat, with the Japanese also improving their position. All these manufacturers offer competitive smaller cars in a market which

has shown a marked swing away from larger-engined and less economical models.

Following the surge in imports in the mid-summer period, foreign cars are now holding about 24 per cent of the market compared with around 22 per cent a year ago. Japanese manufacturers are continuing to make headway and climbing dangerously near to the 3 per cent market share which the French authorities have set as an effective limit on their sales in France.

The French producers' hopes for a reversal of the swing to

imports is now pinned on the Paris Motor Show, due in early October. This exhibition will be particularly important for the Peugeot group, suffering not only from the importers but also from Renault, which has increased its registrations by more than 11 per cent this year.

Peugeot's problems, probably due in part to a reluctance to cut prices in a manner of some competitors, were accentuated in the mid-summer period. Its market share in France has now sunk to about 36 per cent, well below Renault's, which is approaching 40 per cent.

This slide in the company's position, in a total market which has only fallen by about 4 per cent, is one of the factors behind its recent decision to review plans to build a new component plant in Lorraine.

Another anxiety for French producers is the attack on their export markets in francophone Africa where the Japanese producers are currently making a big push. According to recent reports, the Japanese sold more vehicles in these countries than the French last year, exporting almost 24,000 units against France's 22,500.

India starts arranging 16m tonnes oil imports

By D. P. Kumar in New Delhi

INDIA WILL import 16m tonnes of crude and 6m tonnes of petroleum products next year, and the exercise to tie up the requirements has already started, Mr. V. V. Reddy, Minister of Petroleum, said.

He said the Government had taken advance action on next year's supplies from the traditional suppliers and some new sources were being explored.

Of these, Mexico has agreed in principle to supply India 1m tonnes of crude in 1981. There were possibilities of India getting crude from Kuwait and Algeria also. Indonesia will possibly begin supplying crude to India, with 1m tonnes of crude coming in 1981.

A Petroleum Ministry team visited Iran recently and Mr. Patil said he was planning to visit some of the oil-producing countries in October and November.

Supplies of oil from Kuwait are expected to figure in the talks Mr. Jaber al-Ahmad al-Jaber al-Sabah, the Emir of Kuwait, will have with the Indian leaders during his three-day visit to Delhi which started yesterday.

India's imports for this year, 1980-81, have been about 16.5m tonnes of crude and 6m tonnes of petroleum products. The imports were made from Iraq (6m tonnes), Iran (3m), Soviet Union (2.1m), Saudi Arabia (1.4m), Abu Dhabi (1.5m) and Nigeria (0.5m).

The oil import bill for this year is expected to touch Rs 50bn (£2.6bn) as against Rs 33bn last year and just about Rs 15bn the year before last—far almost the same amount of crude and 4m tonnes of petroleum products.

Japan pledged to extend 150bn (£9.5m) in export credits to the Philippines any time the country needs it for its energy development programme, the Japanese Embassy said, AP-DJ reports from Manila.

The new credit line, to be extended by the Japan Export-Import Bank, was offered by Mr. Rokusuke Tanaka, the Japanese International Trade and Industry Minister, in a meeting with President Ferdinand Marcos at the Malacanang Palace.

Singapore premier renews attack on Australia's policies

BY KATHRYN DAVIES IN SINGAPORE

AN ACrimonious exchange between Mr. Lee Kuan Yew, Singapore's Prime Minister, and Mr. Malcolm Fraser, his Australian counterpart, on board an airliner from Delhi to Singapore, has signalled a rapid turn for the worse in relations between the two countries.

Mr. Lee had already made clear his dislike of Australia's restrictions on imports from the non-Communist south-east Asian nations belonging to ASEAN, in a wide-ranging Press conference in the Indian capital following the Asian and Pacific Commonwealth conference.

The Singapore leader said Australia could not expect others to join in its condemnation of EEC protectionism when Australia itself was "more restrictive, more conservative and more backward looking than the meanest of the European."

According to Australian journalists accompanying Mr. Fraser on his chartered aircraft—in which he was giving Mr. Lee a lift home—the argument continued, with Mr. Fraser at one point climbing on to the back of his seat in order to be heard. The journalists themselves also came under attack by Mr. Lee for their coverage of events in Kampuchea, which he said, paid too much attention to the suffering under the former Pol Pot regime and not enough to the Vietnamese occupation. For his part, Mr. Fraser is said to have invited Mr. Lee to go to Australia to discover the true facts of economic life there for himself.

Ironically, an Australian Government publication, only just published in Canberra and entitled "ASEAN-Australia: the growing partnership," says that, while the imbalance of trade has been one of the key issues in talks between Australia and ASEAN, "there seems to be growing understanding in the ASEAN countries of the problems facing Australia in restructuring its industry and providing employment in the present difficult world economic climate."

According to the Australian Department of Trade Statistics, Australian imports of ASEAN goods have risen from A\$245m (£113m) in the financial year 1974-75 to A\$642m in 1978-79. However, exports amounted to more than A\$1bn, although the imbalance in ratio terms has been decreasing.

But ASEAN countries are frequently irritated by what they perceive to be Australia's insensitivity towards their economic achievements. Australia's air fares policy, announced unilaterally 18 months ago, particularly rankled.

Mr. Lee also dislikes the Australian media, which is often less polite than his own. "In typically forthright style, Mr. Lee has warned Australians that if their Government will not allow ASEAN countries to sell to it, even though they are competitive, Australia would become increasingly irrelevant in their economic considerations."



Mr. Lee Kuan Yew: acrimonious exchange

£78m Philippines contract

BY PATRICIA NEWBY IN CANBERRA

TWO AUSTRALIAN companies have won a contract worth A\$159m (£78m) to build a satellite town in the Philippines.

The Asian Development Corporation and the Euro-Asia Credit Corporation, which are both based in Adelaide, say the satellite town, to be called

Pangarup, will have a population of more than 20,000 and its own self-supporting industries.

The town is to be situated 26 kilometres north of Manila and will be developed over two years for a co-operative housing group established by the Philippines Government.

MEA invites you to choose from 41 flights to the Gulf every week

In 1949 MEA started regular flights between Beirut and Kuwait, quickly followed by services to Bahrain and Dhahran. As its routes developed MEA became established as the most important link between Europe and the Gulf, a position it continues to hold today.

With more than thirty years experience behind us we really know the Gulf. We can take you to Abu Dhabi, Bahrain, Dhahran, Doha, Dubai,

Kuwait, Muscat and Ras al-Khaimah (via Beirut). At every point there are MEA people ready to help in any way they can.

Make MEA your first choice to the Gulf. You'll find our experience counts for a good deal.

For details of MEA services contact your IATA agent or MEA, 80 Piccadilly, London W1V 0QR, telephone 01-493 5681.

MEA
the Middle East airline



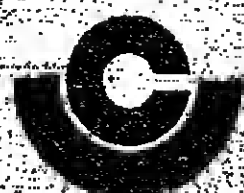
Selective Access

THE UNICO BANKING GROUP is for guidance to the member and multilateral capabilities of leading European banks with total assets of some US\$ 250 billion and 36,000 offices. For example, DG BANK is one of Germany's foremost wholesale financial institutions, representing a banking system with 19,500 offices and a rapidly growing international business.

OKOBANK is an integral part of Finland's international financial community, and a valuable source of knowledge of the growing Scandinavian market. Euro credits and Euro issues, trade and corporate financing, market information — these are just examples of the

vast facilities the UNICO BANKING GROUP has at its fingertips to serve international corporations, government agencies as well as medium and small-sized firms.

To find out more, contact the UNICO BANKING GROUP at 604 Keizersgracht in Amsterdam. Tel.: (20) 222 252. Telex: 15 412, or any partner bank.



UNICO BANKING GROUP
The European Source for Multimarket Finance

Fuel tests clear way for BL claim on Mini Metro

By John Griffiths

THE ENERGY Department has ratified fuel consumption figures for the Mini Metro which would allow BL to claim it as Europe's most economical car when it goes on sale next month.

At a constant 56 miles per hour, the 998cc economy model achieved 58.3 mpg per gallon. All models, including 1.3 litre versions, exceeded 50 mpg in the tests.

Only one other car, Renault's 5TL, approaches this figure closely, at 57.6 mpg. The 5TL is already promoted by Renault as the most frugal fuel consumer in Europe.

The Department's ratification of the figures have allowed delighted BL executives to pass them on to hundreds of BL dealers in the Isle of Man to test drive the Metro and be briefed on the launch of a car which could make or break BL.

Mr. David Andrews, BL's

executive vice chairman, has admitted that if it is not a success it would put the volume car operations of BL "probably beyond recall."

Although BL's precise promotion campaign for the Metro is still under wraps, it is certain to be based heavily on the fuel consumption figures and on its luggage and passenger-carrying space. This is claimed to be greater than that of any of the Metro's rivals, despite an overall size smaller than most.

In separate Metro tests, the Automobile Association achieved a consumption figure of 62 mpg at a constant 50 mph and 63 mpg at a constant 60 mph.

While the last figure is hardly representative of normal driving, it compares with a figure of 60 mpg at the same speed for BL's existing Mini 1000.

The Metro's sales launch—

prices have yet to be released—will coincide with the opening of the International Motor Show at the National Exhibition Centre in Birmingham on October 16.

HOW THE RIVALS COMPARE

(Fuel consumption, miles per imperial gallon)

	constant	constant	constant
	50 mph	60 mph	70 mph driving
Austin Metro (998 cc)	58.3	41.7	41.5
Renault 5TL (1108 cc)	57.6	41.5	44.5
Ford Fiesta (957 cc)	50.4	34.4	35.3
Fiat 127 (1050 cc)	46.1	31.2	24.7
VW Polo (1050 cc)	47.9	35.2	32.2
Datsun Cherry (1050 cc)	44.8	30.7	32.2
Toyota Starlet (1050 cc)	44.3	34.6	33.2
Citroen Visa (1050 cc)	45.0	33.6	33.6
Daihatsu Charade (1050 cc)	51.4	32.2	36.4

* Department of Energy ratified figures.

Sales chief succeeds Beckett as chairman of Ford UK

By Kenneth Gooding, Motor Industry Correspondent

MR. SAM TOY, Ford UK's director of sales since 1969, is to succeed Sir Terence Beckett as chairman and managing director of the company.

Sir Terence leaves Ford at the end of this month to become director-general of the Confederation of British Industry.

Mr. Toy, 57, has been with Ford for 32 years. His new job carries a salary of about £80,000 a year.

Mr. Toy is acknowledged to be a tough manager with a robust way of expressing himself. He combines a deep knowledge of the UK motor business with long experience of the Ford management system.

As one of his rivals commented last night: "He is equally at home with second-hand car dealers in Warren Street as he is in the Ford Boardroom."

However, he has little experience of playing the "elder statesman" role which Sir Terence developed in dealings with governments and within organisations such as the CBI.

Mr. Toy's appointment was welcomed within Ford UK where he is respected for his dynamic approach to life.

At present he is abroad with a group of dealers preparing for the launch of the new Escort



Mr. Sam Toy

called for 2,800 voluntary redundancies or early retirements in its UK plants.

The company wants to introduce radical changes in working practices to compete better with Japan, which it sees as its main international rival.

Mr. Toy began his career with Ford in 1948 when he joined as a graduate trainee from Cambridge University after wartime service as an RAF pilot.

Having worked his way through all parts of the company, starting on the shop floor, he chose export operations. Within 10 years he was manager of Ford's export sales, and spent two years in the U.S. in charge of British Ford sales there.

Exporting occupied his first 15 years at Ford. Sales in the British market have dominated the second half of his career. He specialised in car and then truck sales, before taking on responsibility for both 11 years ago.

He became a member of the Board of Ford UK in 1974. He is also chairman of Ford Personal Import Export, and a director of Ford Motor Credit and Dagenham Motors.

Mr. Toy is married, with two sons and a daughter, and lives in Longfield, Kent.

later this month.

Ford UK's sales last year were £3.19bn, on which it made taxable profits of £386m. The company provided a big cash injection for its ailing American parent by way of dividends totalling £135m and a £229m loan.

But this year the industry is in deep recession. Ford has

Granny bonds are revitalised

THE GOVERNMENT'S already successful bait of inflation-proofed savings is expected to net a further £14bn of investors' money in a full year following changes announced yesterday.

By far the most significant development is the issue of a new index-linked certificate which alone could raise an additional £14bn for the Department of National Savings during the remainder of the current financial year.

The new certificate, is similar in concept to the current index-linked retirement issue. But there are important differences.

Initially, they will be available to men and women aged 60 or over. The current retirement certificates, known colloquially as "Granny bonds," are open to women aged 60 or more and men aged 65 or over.

The Department of National Savings confirmed last night that if the launch of the new certificates does not bring in sufficient funds the age limit could be further reduced.

Individual holdings of the new issue will be limited to £3,000. This money then doubles the maximum £1,200 (raised from £700 last December) which

National Savings bait will be launched by the government in November to net a further £14bn of investors' money in a full year. Tim Dickson reports.

investors may hold in Granny bonds.

The new certificates will have a five-year life and will probably replace the current index-linked retirement issue in November.

Holdings of the retirement certificates, which have been on sale since June 1975, are index-linked after one year.

If left for five years they receive a 4 per cent bonus on the original investment. Existing holders will not be affected in November, and furthermore will be entitled to buy the maximum number of new certificates when they go on sale.

It was also announced yesterday that the limit on monthly payments under the National Savings Save As You Earn con-

tract (third issue) will be raised from £20 to £50 "as soon as possible." No firm date has yet been given for implementation but in a full year this measure is expected to raise an extra £50m.

Contributors to the SAYE (third issue) scheme have to make 60 equal monthly payments over five years. The total (currently a maximum of £1,200) is index-linked on the fifth anniversary, with the option to hold on for a further two years' index-linking. The new maximum will soon be £3,000 (60 x £50). Those currently contributing the current maximum of £20 will be allowed to save an extra £30 a month.

The Treasury's new measures are intended to boost the National Savings contribution to the financing of the Public Sector Borrowing Requirement and relieve pressure on the gilt market.

This contribution (i.e. net new National Savings receipts excluding interest credited) amounted to £1,514m in the 1977/78 financial year; £1,009m in 1978/79; and £834.8m in 1979/80. In the first four months of the current financial year the net intake (excluding interest) has been only £112.3m.

Cash-in value five years later of an SAYE contract (total contributions £1,200) in:	
July 1975:	£1,735.08p
August 1975:	£1,730.54p
Value five years later of a £100 index-linked retirement certificate (including 4 per cent bonus) bought in:	
June 1975:	£206.02
July 1975:	£189.69
August 1975:	£197.51
September 1975:	£197.43

Steel tries to defuse issue of centre pact

By Richard Evans, Lobby Editor

MR. DAVID STEEL, Liberal leader, in an attempt to keep his political options open, last night carefully avoided advocating a pact or formal alliance with any new centre party that might be formed.

He did so after there was evidence of increasing pressure from leading Liberals for him to come out strongly against a link with Mr. Roy Jenkins or Labour Right-wing dissidents.

The issue of the Liberal Party's attitude to a possible realignment of parties threatens to dominate this week's assembly at Blackpool, even though it will not be debated formally. But at a fringe discussion last night, Mr. Steel set out to defuse the issue.

He said if there was to be a meeting of minds between Liberals and others it must be around principles and policies. He added that the discussion was about explaining what ideas there were in common, and the extent of any differences.

"It is a discussion about political philosophy and programmes, not facts or personalities," he said.

In spite of Mr. Steel's attempt to calm anxieties, Mr. Cyril Smith, MP for Rotherdale, launched a blistering condemnation of any attempt to form a link with a new centre party.

"I do not frankly see myself as being part of a party which seems to exist for the purpose of housing Labour dissidents with David Steel thrown in as a superficial attraction," he said.

Apart from the confusion and uncertainty among the 1,400 delegates towards a future realignment, the major issue of the week will be defence.

Chubb and Son to decide today whether to quit cash registers

By Maurice Samuelson

CHUBB and Son will decide today whether to cease making cash-registers. Their withdrawal would leave the UK market 100 per cent in foreign hands.

The move could involve also the loss of 800 jobs at the Chubb Cash factory at Hollingbury, Brighton, and more redundancies in regional branches.

The decision will be taken at this morning's meeting of the Chubb Group's main Board in London, and will be put to employees tomorrow.

Union representatives, accompanied by Mr. Andrew Bowden, Tory MP for Kemptown, were hoping to see Mr. William Randall, Chubb's managing director, before the meeting. They want the company to delay closure, or at least to make it only partial.

If the appeal is rejected they may appeal to the 150 workers on the profitable cash-dispenser line, also at Hollingbury, to support them with industrial action. The local management at Hollingbury also appears eager

to limit the scale of redundancies. Mr. John Egar, managing director of Chubb Cash, put the number of local jobs at stake at between 300 and 400, besides other jobs in regional offices.

Complete closure would put the UK market for cash-registers entirely in foreign, mainly Japanese, hands.

Chubb went into the cash-register business four years ago when it bought Gross Registers for £1.1m. But in the past four years the market has been inundated with imports of electronic cash-registers.

Chubb, the sole UK cash-register manufacturer, tried to counter the imports with its electronic 148 model, introduced this year. But meanwhile its share of the market dropped to 5 per cent.

Chubb recently sought assistance from the Industry Department. The application was refused on the grounds that it was in the wrong category of industries to be aided by the National Enterprise Board.

The cash-register division lost £4.7m in 1978-79. Last month the workforce started a three-day week.

A decision to close the cash-register business will not affect the cash-dispenser division, which last month was said to be working "at full steam."

Another 33 redundancies were announced yesterday by the women's lingerie company Fine Form Designs at Chatteris, Cambridgeshire.

Birmid Quilcast, which last month axed 119 jobs, yesterday introduced short-time working for 1,300 workers at its Derby foundry, because of declining tractor sales.

Warnings of possible short-time working over the next three months were given yesterday by Metal Box to more than 4,000 workers in Aintree, Carlisle Mansfield and Hull.

The announcements in the plants were foreshadowed in Monday's statement that 1,260 workers in Metal Box's open-top division would be made redundant.

Sarabex appoints new joint managing director

By Christine Moir

SARABEX, the Arab-owned foreign currency broker, has appointed a new joint managing director to replace Mr. Robert Ramsey who resigned suddenly on Friday.

The new joint managing director, who shares the title with Mr. Roy Brinsden, the chairman, is Mr. Paul Perry-Lewis.

He joined Sarabex 11 months ago from R. P. Martin, money brokers.

Yesterday, Mr. Brinsden explained that Mr. Ramsey was "simply going back to banking" but he admitted that his resignation

had come as a surprise.

When Sarabex finally won "recognised broker" status last year from the Bank of England, it was intended that the business would consist of foreign exchange broking and Euro-currency deposit taking.

In the event, the broking business "took off," but the deposit business — which involved close contacts with the banking community — was plagued by delays in installing sufficient direct telephone lines, according to Mr. Brinsden.

He denied, however, that Sarabex was pulling out of the deposit business.

Unions win pledge on work rules

HOTPOINT, the domestic electrical appliances subsidiary of the General Electric Company, has told its unions that any changes in work practices will be introduced only after full consultation with local union officials.

The proposed changes include the abolition of afternoon tea breaks, a no-smoking rule and a curb on fringe benefits for the company's 5,000 employees.

Hotpoint's decision not to go ahead immediately with the measures was taken at a meeting between management and unions at Peterborough on Monday.

MacGregor to change BSC's structure

By Hazel Duffy, Industrial Correspondent

A MAJOR re-organisation of the British Steel Corporation into three main product divisions is expected to become effective by the end of this month. The three divisions will cover general steels, special steels and strip steel.

The plan is the first shot in the campaign by Mr. Ian MacGregor, BSC chairman, to restore the corporation to profit. Its main effect will be to bring together commercial and production responsibilities within the same division in an attempt to revitalise the corporation's lagging presence in its traditional markets.

Since the steel strike, BSC has lost 10 per cent of the UK market to imports and private sector steel.

Each division will have a considerable amount of autonomy within the overall structure of BSC. Under the direction of its own chief executive, it will be responsible for organising its own production levels, and such matters as the quality of steel produced, delivery times, and overall performance.

The divisions will also seek their own markets and be responsible for the main thrust of their marketing strategies.

The plan calls for a substantial cut in staffing levels, particularly at the corporation's London head office. Although there have been cuts at head office, Mr. MacGregor has obviously taken the view that it is still much too large for an organisation which is virtually bankrupt.

Instead, he will keep a small support staff in London, consisting of a few senior executives.

The necessity for the corporation to have close access to the Government and Whitehall seems to have ruled out any possibility that it might close its London operation entirely.

THE NAME OF YOUR PENSION FUND MANAGER COULD BE BARCLAYS BANK TRUST COMPANY.

So, what's in a name? Well, let's just say that when it comes to entrusting the care of your company's pension fund to an outside organisation it pays to choose carefully.

As you might expect from its name, Barclays Bank Trust Company is a wholly-owned subsidiary of Barclays Bank.

It is also one of Britain's largest and longest established trust corporations, and it heads a specialist division of the Barclays Group, the one that is devoted almost entirely to the business of professional asset management.

That's one of the reasons why the pension fund portfolios managed by Barclays Bank Trust Company include household names.

But there are other reasons, too. After all, pension fund management is all about performance—maximum growth with minimum risk.

That's why the management team you choose needs to have not just a big name but a lot of wisdom and the information and ability to make the right decisions at the right time.

Barclays Bank Trust Company has the experience, the skill and the resources your employees expect you to look for in pension fund management, whether it be for the complete fund or a substantial part of the portfolio.

And, by the way, we are equally good at pension fund administration.

If you would like a copy of our brochure or would like us to tell you more specifically about the kind of service you can expect from Barclays Bank Trust Company, please write to:

David Moss, Executive Director, Barclays Bank Trust Company Limited, Juxon House, 94 St. Paul's Churchyard, London EC4M 8EH.

EQUAL OPPORTUNITIES IN EDUCATION
a lecture by
THE RT. HON. MRS. SHIRLEY WILLIAMS
at the
EGYPTIAN EDUCATION BUREAU
4 Chesterfield Gardens, W1
on Wednesday, 17th Sept., 1980, at 7.30 p.m.
For information telephone 499 8884

The Seiyu Stores, Ltd.
Tokyo

DM 30,000,000
8% Bonds due 1986
— Private Placement —

Guaranteed by
The Dai-ichi Kangyo Bank, Limited

WESTDEUTSCHE LANDESBANK
GIROZENTRALE

THE INDUSTRIAL BANK OF JAPAN
(LUXEMBOURG) S.A.

BARCLAYSTRUST

ANYTHING TO DO WITH MONEY, ASK BARCLAYS FIRST

UK NEWS

Sainsbury plans major promotion

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE J. Sainsbury supermarket chain is tomorrow launching its biggest advertising campaign in an effort to keep the pressure on its rivals in the High Street price war.

Although autumn is a traditional time for supermarkets to launch promotional offensives the Sainsbury campaign is one of its biggest.

Sainsbury plans to spend more than £500,000 in the next four weeks on a television campaign emphasising its own-label products, which account for over 50 per cent of its grocery sales. The move is likely to put pressure on market leader Tesco to respond with its own campaign, although Tesco said yesterday it had no immediate plans for any extra advertising. It remains likely, however, that Tesco will increase its advertising spending to match the Sainsbury promotion.

But while the promotional activity will be fierce, there is unlikely to be any major price-cutting offensive by the two major multiples. Although Sainsbury appears to be weathering the slump in retail spending better than Tesco, neither has the financial reserves to finance a major price-cutting move. But Sainsbury believes an advertising offensive can further increase its recent gains in market share.

The latest trade survey of grocery sales puts Sainsbury only 1 per cent behind Tesco's 13.5 per cent in market share. Earlier this year Sainsbury's share was just over 11.5 per cent compared with Tesco's 14.5 per cent.

Sainsbury also claims that, according to independent market research, it is the lowest priced supermarket in the South. "Clearly we are starting the autumn from a position of strength," says Mr. Peter Davis, assistant managing director.

Sainsbury's decision to concentrate its advertising on its own-label brands—rather than the manufacturers' established brands—is intended to capitalise on its long-established reputation for quality. Sainsbury points out that its own-label brands are not intended as cheap alternatives.

But both Tesco and Sainsbury are facing an increasing challenge from the Asda superstores chain which is embarking on a major store opening programme in the South.

Later this month Asda, primarily a Northern-based operator, plans to open London's largest superstore at Park Royal, Ealing. A further 20 superstores are planned for the South within the next five years.

Food trade to experiment with electronic invoices

BY DAVID CHURCHILL

LEADING FOOD manufacturers and retailers plan to experiment with computerised electronic invoices to replace traditional paperwork.

The move follows an amendment to the 1980 Finance Act which enables the Customs and Excise to accept paperless invoices. Under the Act, a tax invoice can exist when the required details are recorded in a computer and transmitted by electronic means without the delivery of any document.

The trials of the new system will begin later this year, carried out under the auspices of the Article Number Association. The association has the responsibility for allocating the unique 13-digit number for all grocery and non-food products which, when translated into a bar-code, can be used in the new

laser-scanning electronic check-outs.

The association said yesterday that the trials will concentrate initially on orders from retailers to suppliers and on invoices from suppliers to retailers.

Among the major companies taking part in the trials are Tesco, Boots, F. W. Woolworth, Birds Eye, United Biscuits, and Reckitt and Colman.

Under the Finance Act, companies intending to adopt this system must give the VAT Commission at least one month's notice in writing. The Customs and Excise has the authority to gain access to the computer and "any associated apparatus or material" used in the production, delivery or receipt of tax invoices.

Claims for shelters meet their doom

By Michael Thompson-Noel

THE Advertising Standards Authority has ruled that it is impossible to assure "anyone's survival in the event of a direct or near-direct nuclear hit" and has thus upheld complaints against two manufacturers of fall-out shelters.

In a separate ruling it has supported a complaint against an advertiser who "exploited fear of nuclear war" in a general public's fear of nuclear war.

The authority says it approves the recent decision of media organisations to advise "caution when accepting advertisements for nuclear shelters pending an investigation by the Home Office."

In the event of Home Office approval for such products, the authority says future advertisements should be restricted to specifications.

The companies against which complaints were upheld were Nuclear Attack Protection and Safety, of Abingdon, Oxon; Nuclear Fall-Out Shelter, of Downend, Bristol; and Draxton, which is listed under a Broxbourne, Herts, PO Box number.

Complainants objected to phrases such as "You can assure your own family survival with a nuclear shelter" and "Designed to the highest European specifications." Newspapers have been advised to prohibit any such claim for shelters, the authority says.

Over the first six months of the year, the total number of complaints received by the authority was 70 per cent up on the same period last year.

In July the authority received 562 complaints against 263 in July last year. Comparing the same months, the number that merited investigation rose from 25 per cent to 33 per cent. The authority attributes the increase in complaints received to its own advertising campaign launched last February.

Of 176 complaints, investigated in July, 65 were upheld, either wholly or in part. These advertisers included Wimpy International, Wiggins Teape, Sealink, Liptons, Lever Brothers, Lanciat, Fisons, the Electricity Council, Clarke, British Airways, Black and Decker and Barratt Developments.

Harris to boycott Westward ousting

Pact yesterday will give the Cadbury faction only nominal control writes Raymond Hughes

TODAY'S meeting of Westward Television shareholders, called to vote on a resolution to reconstitute the Board, promises to be the non-event of the year.

Neither of the principal figures in the dispute, Mr. Peter Cadbury and Lord Harris of Greenwich, will be there, and both have asked their supporters to stay away.

The Cadbury faction, controlling 116,000 of the 200,000 voting shares, will be represented by Mr. Cadbury's solicitor, Mr. Andy Korman. He may find that the only other party present is Westward's solicitor, who will not be empowered to vote the Harris faction's shares.

A spokesman for the Harris faction said that they would boycott the meeting because they did not accept that it had been validly called by Mr. Cadbury.

He predicted a "Pyrrhic victory" for Mr. Cadbury. "It will be like an election for the Moscow south-east constituency: a massive vote for one candidate with no one voting on the other side."

The result will be that the meeting will vote Lord Harris and five other directors off the Board, replacing them with Cadbury nominees, with Mr. Cadbury restored as chairman and Lord Lisburne as deputy chairman.

The situation was made more bizarre by an agreement reached by the two sides yesterday on how the company's affairs are to be handled pending another shareholders' meeting on October 17, called by the Harris faction, to consider precisely the

same resolution as will be voted on today.

An agreed statement said that Lord Harris would not appeal against last Friday's High Court ruling that today's meeting could go ahead, and Mr. Cadbury would not take part in the management of the company until the October 17 meeting.

The day-to-day running of the company would remain until then in the hands of Lord Harris and the present Board, the statement said.

It is understood that the Board will not be able to go ahead with its plans to deprive Mr. Cadbury of his shares, and will be personally liable for any expenditure incurred by the company which is not approved at the October 17 meeting.

No decision appears to have been made about who will represent Westward at the meeting on September 23 at which the rival consortia for the south west franchise will present themselves to the public.

Mr. Cadbury said yesterday that if it would enable the company to operate without further problems for the next five weeks he would not go to Westward's offices or studios, or attend the September 23 meeting.

"I am not going to do anything that might be inferred as making problems," he said. "I'm prepared to do anything to avoid the appointment of a receiver, because I think that would be disastrous."

Last Friday Mr. Justice Dillon warned in the High

Court that if the embattled directors could not reach a workable arrangement the court would put in a receiver and manager—a remedy available to the courts when a company's board is deadlocked.

The warning had a salutary effect on the two sides—both of whom would regard such a move as highly undesirable—and discussions began.

Franchise worries heading Quite how the agreement will work remains to be seen. While both sides are anxious to keep the situation low-key, and minimise the risk of their wrangling further jeopardising Westward's chances of retaining the South West franchise, neither will wish to lose ground between now and October 17.

No matter how they purport to paper over the cracks, the fact remains that Westward will be operating with two groups of people each regarding themselves as the Rightful Board.

Accountants call for change in merger law

BY TIM DICKSON

TAKEOVERS and internal company re-organisations could be frustrated by a recent court ruling, according to leading accountants.

In what is an unusual step the Consultative Committee of Accountancy Bodies (CCAB), representing six accountancy bodies in Great Britain and Ireland, has written to Mr. John Nott, Trade Secretary, calling for an urgent change in the law.

The problem has arisen from the case of Shearer (Inspector of Taxes) v Bercain Ltd., a run-of-the-mill tax case which has suddenly assumed considerable significance.

During the case it was held that where shares are issued at a premium over their normal value, section 56 of the Companies Act, 1948, requires this premium to be carried into a share premium account in the books of the company issuing the shares.

This procedure, which legally blocks the distribution of this premium through the payment of dividends is known as "acquisition accounting" and is widely used in company takeovers or mergers.

If, for example, company A issues 1m £1 nominal shares worth £2 in the stock market to pay for company B with a

price tag of £2m, section 56 requires that £1m—the difference between the nominal value and the market value of the share—is credited to a share premium account and cannot therefore be distributed.

What worries the CCAB is that the Shearer v Bercain decision makes acquisition accounting mandatory and outlaws what was previously an alternative method, namely "merger accounting."

This is only employed in exceptional cases but it is more common in group internal re-organisations. Under this method assets of companies being combined are not normally revalued at the date of the transaction and no share premium account is recognised, the shares issued being recorded at their nominal value.

In their letter to Mr. Nott the accountants spell out what they see as the consequence of the Shearer v Bercain case: mergers between independent companies which would on past precedent have been accounted for by the merger method may be inhibited; intra group re-organisations may be frustrated; and past transactions carried out by these two methods may be challenged.

Unit 'has fuel saving of 14%'

By John Griffiths

BORG-WARNER'S UK-based transmission division is testing an automatic transmission of three speeds plus overdrive, which it says shows fuel savings of up to 14 per cent over a conventional three speed model. It is suitable for rear wheel drive vehicles of between about 1.8 and 3 litres, and thus has a potentially high volume application.

The unit is manufactured in Japan by Aisin-Warner, an associated company which makes more than half a million transmissions a year. But Borg-Warner in Britain is examining the possibility of marketing the unit in Europe. In this case it would associate company, which carry out the engineering, adapting the units to individual manufacturers' needs. Prototypes have been demonstrated to a number of European makers but they have not yet made any firm orders.

There is no prospect of the unit being manufactured in the UK, although in common with other component makers Borg-Warner has suffered from rapidly shrinking business.

Manchester airport to lengthen runway

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT has approved an £8m plan to lengthen the single runway at Manchester airport by 800 feet to 10,000 feet.

This will enable longer take-off runs by even the heaviest jets so they can carry either bigger payloads, or more fuel to fly longer distances.

The Manchester International Airport Authority intends to draw up specifications, and to invite tenders at once. It hopes the construction work will start next spring, and will be completed within two years, with the extension available for use by early 1983.

The runway extension is part of Manchester's long-term expansion plan for the airport, which expects to handle about 4.2m passengers this year, against last year's total of over 3.5m.

Manchester is already the third busiest airport in the UK after Heathrow and Gatwick, and in the Government's national long-term airports expansion plan is ranked the most important in the North of England.

The authority has recently completed £14m improvements on the runway, including ironing out a "hump" that was a legacy of hasty war-time con-

struction, as well as widening the runway along its entire length and improving its lighting and drainage.

The 800 foot extension will allow many more long-haul airlines to use the airport, thus increasing the number of foreign destinations served from it.

It has been estimated by Northwest Orient, which already flies a regular Boeing 747 freighter service from Manchester to New York, that it could carry a 13,000 lbs heavier load between the two cities, or an 11,000 lbs heavier load between Manchester and Seattle non-stop, as a result of the runway extension.

Laker Airways, which is seeking rights for low-fare services between Manchester and New York and other U.S. cities, believes the runway extension will allow Series 10 DC-10s to fly to New York non-stop, and the bigger Series 30 DC-10s to fly to Los Angeles non-stop both with full loads.

One airline which is likely to use the airport once the runway is lengthened is Qantas of Australia, which could make one-stop flights between Manchester and destinations in South-East Asia and Australia itself.

HOW TO MAKE YOUR COMPANY MORE PUBLIC.

Your annual report is the most important statement your Company makes to the public.

So why keep it to yourself?

By placing it in The Guardian, you're automatically reaching a wider, more discerning audience.

A very high proportion of The Guardian's 14 million readers (just compare that figure with The Times or FT) are authoritative opinion-forming people. From Cabinet Ministers, MPs and top Civil Servants, to investors, union leaders, economists, and your own employees.

People who could have a direct or indirect influence on your company and its performance.

Nearly one in four top businessmen already read The Guardian—attracted by, among many other excellent writers, Frances Cairncross, Victor Keegan and Hamish McRae, recently voted Financial Journalist of the Year.

PUT YOUR ANNUAL REPORT IN THE NEWSPAPER OF THE YEAR.

Most of these readers read no other quality daily paper. So if you don't talk to them in The Guardian, you could very easily miss them altogether.

Call Sandy Denhard, Financial Advertisement Controller, on 01-278 2332. Or send in the coupon for our informative brochure on Company Report advertising.

Sandy Denhard, Financial Advertisement Controller, The Guardian, 119 Farringdon Road, London EC1R 3ER. Please send me a copy of your brochure on Company Report advertising.

Name _____
Company _____
Address _____

There's never been a better time to visit Sheraton's North America.

North America has never been a better time to visit than at a Sheraton. Sheraton's variety is as big as the land itself, and each Sheraton captures the unique flavor of its locale. Discover the excitement and beauty of the American West; fun under the California sun; the charm of Southern Hospitality; the dynamic energy of the great cities of the Northeast. Whatever brings you to our shores, stay at the best addresses coast to coast. Sheraton.

You can book your entire itinerary in one quick call to our convenient on-line computer reservations system. It couldn't be easier. And you can be confident because your reservations are immediately confirmed for up to a year in advance with rates guaranteed. Do you want information like rates in different currencies or local points of interest? Just one call can give you all this and more.

For reservations at any Sheraton, call reservation at Sheraton's new one-call computer system. 1-800-219-45-55. Fax 078-2800. London 020-636-6411. New York 212-321-3200. 020/4348-74. Zurich 011-235306. Travel Agent, or your local Sheraton reservation office.

Sheraton
HOTELS & INNS WORLDWIDE

(Source: N.B.R.S.-N.R.S. 1980)

Objections fail to stop rise in telecom charges

BY GUY DE JONQUIERES

BRITISH Telecom is to raise telecommunications charges sharply from November, in spite of allegations by the official body representing Post Office customers that the proposed increases are excessive.

Mr. Peter Benton, British Telecom's managing director, said yesterday the increases, averaging 17 per cent overall, were unavoidable if the company were to continue its ambitious investment programme without breaching the cash limits set by the Government.

But the Post Office Users' National Council said in a report that British Telecom could get by with smaller increases by more stringent cost-cutting and deferring some planned expenditures.

The report also called on the Government, which has pro-

hibited British Telecom from borrowing further, to explore alternative methods of financing the £1.5bn a year telecommunications investment programme.

"We do not believe it is beyond the wit of man to find some solution which would both safeguard the Government's policies and allow British Telecom some room for manoeuvre," it says.

Mr. Benton rejected the Council criticism. He claimed that any further cuts in British Telecom's spending would seriously damage its service to customers and disrupt the telecommunications manufacturing industry, threatening many jobs.

"We reject the allegation that we have taken the soft option and put up prices rather than improve productivity," he

said. "Our productivity improvement has been outstanding compared to British industry generally."

But the users' body says British Telecom has not made full advantage of the savings to be gained from the greater efficiency and falling cost of much modern electronic telecommunications equipment.

The proposed increases will double the connection charges for a telephone extension to £24. Rental of a private automatic branch exchange and a telex exchange line will each rise from about £835 to £1,100 a year.

Many companies estimated that the increases would raise their telecommunications costs by about 30 per cent, the user's body said. The higher charges follow increases averaging 12.5 per cent last January.

Discrimination in employment confirmed by Belfast study

BY OUR BELFAST CORRESPONDENT

ROMAN CATHOLIC boys in Belfast still find it harder than Protestants to get work, according to a study on the employment prospects of school leavers.

The research was undertaken for the Fair Employment Agency which was set up by the Government in 1976 to help eradicate job discrimination on the grounds of religion or politics.

It was carried out by three academics from Queens University, Belfast, and the Ulster Polytechnic.

They observed that, while their findings were confined to a small group—male school leavers in four schools—they warranted "a healthy scepticism as regards major progress towards equality of opportunity in Northern Ireland."

Mr. Robert Cooper, chairman of the agency, said yesterday the study showed that Catholic school leavers were at least as likely to obtain good examination results as Protestant ones.

But they were less likely to have found jobs five months

after leaving school.

They were also less likely to have found the kind of work that permitted further training.

The researchers said that existing patterns of employment in the province were being reproduced because of the existence of an informal network of family and friends which was still extensively used for finding work.

The higher levels of Catholic unemployment would indicate that Catholic boys had fewer employed family members and friends on whom to rely for help.

Personal recommendations, rather than formal qualifications or references, appeared to be the most significant factor for many employers recruiting labour, they said.

Mr. Cooper said that companies could provide equal opportunity only by advertising all their vacancies and notifying them in the employment office.

He said employers were becoming responsive to this suggestion. If necessary, he added, the agency had the

power to force companies to advertise vacancies.

"Into Work? Young School Leavers and the Structure of Opportunity in Belfast," Fair Employment Agency, Callender Street, Belfast. Price £2.

● The U.S. Army is to evaluate an intruder alarm system developed and manufactured in Northern Ireland. Military authorities have ordered 20 devices for initial study.

The system, which uses microwave, solid state integrated circuits and micro-strip technology, has been developed by the Walslow Signal Processing Unit at Queens University, Belfast, over the past two years.

The research was undertaken jointly with a subsidiary company of the Northern Ireland Development Agency which is involved in efforts to widen the scope of the province's electronics industry.

The agency said yesterday that it would be keen to talk to companies in the crime prevention business about further applications of the alarm system.

Bargaining in Ottawa on airline services

By Michael Dorné, Aerospace Correspondent

THE FINAL round of discussions between the UK and Canada on additional air services between the two countries starts in Ottawa today. Talks are likely to be tough.

The UK has made it clear that, after several attempts in the past two years to reach agreement, it is prepared to rescind the existing Anglo-Canadian air services pact if no progress is made now.

The UK is asking for rights for British airlines to fly non-stop into Western Canada—Vancouver, Edmonton and Calgary—and for rights for onward flights into Seattle in the U.S. and to Japan.

In return, it is offering Canada the right to some additional flights beyond the UK into Western Europe and to Hong Kong and beyond to points in South-East Asia.

Although the UK considers its offer to be generous, the Canadian Government is seeking much more, including virtually unlimited rights beyond London into Western Europe.

The UK delegation will emphasise that the UK Government sees no reason for continuing into another round of discussions if the present one fails, and that the UK is prepared to terminate the Anglo-Canadian air services agreement entirely if no progress is made soon.

This would force a much more extensive re-negotiation of all Anglo-Canadian air services, in which the UK would impose tougher restrictions on Canadian airlines.

It is not clear whether such an eventuality would result in the termination of flights between the two countries.

Fear of a cessation of services may well cause both sides to intensify their efforts in the search for a solution.

● Dan-Air, the independent airline, has been granted rights by the Civil Aviation Authority to fly between Amsterdam and West Berlin, subject to the necessary foreign government approvals.

The airline has been operating to and from West Berlin for some years with charter flights to the UK and other European points. But this is the airline's first scheduled service from that city.

Monetary targets 'need revision'

BY PHILIP RAWSTORNE

THE Government's monetary policy has "totally disintegrated," Dr. David Owen, Labour's energy spokesman, claimed last night.

It was now impossible for the Government to justify its continuation, he told a party meeting in West Gloucester.

Monetary targets would have to be revised and money should be injected into the economy to counter rising unemployment.

Dr. Owen called for an immediate multi-million-pound programme for energy conservation to cut industrial and

domestic costs and create extra jobs.

Members of Labour's National Executive Committee yesterday demanded the resignation of Mr. Nicholas Ridley, Minister of State at the Foreign Office, over the Chilean torture case.

The NEC's international committee accused Mr. Ridley of deliberately withholding from Parliament and the public information about the torturing of Miss Claire Wilson.

It also charged him with suppressing information about the deterioration of human rights

in Chile so the Government could resume trade and arms sales to the Pinochet regime.

Describing the Government's decision to resume trade under such conditions as "despicable and shameful," the committee called for the immediate withdrawal of the British Ambassador and the reimposition of sanctions until democracy was restored in Chile.

The committee, in a further resolution, welcomed the Polish Government's "historic agreement" to the demands of the Polish strikers for free and independent trade unions.

Building work cuts criticised

BY ROBIN PAULEY

GOVERNMENT policy is causing "panic cuts" of maintenance work already in progress, Mr. Morrison Dunbar, president of the National Federation of Building Trades Employers, says in a letter to Mr. Michael Heseltine, Environment Secretary.

Mr. Dunbar has urged Mr. Heseltine to intervene in the administration of cuts to ensure that those which have to be made are done sensibly and practically. In particular, con-

tractors want to be told as precisely as possible how long work will be suspended.

The sudden stopping of work is the result of the moratorium on Ministry of Defence contracts, says Mr. Dunbar. "This is, at least, very bad house-keeping of the nation's properties."

To stop painting work in the summer, when the weather was good, and restart in the winter would not result in any effective saving. Meanwhile, contractors

had to lay off men for whom they could not provide work.

The result would be that teams of skilled, experienced and reliable workers would be broken up, Mr. Dunbar says.

An added difficulty was the uncertainty caused by the widespread suspension of contracts for new work which were under negotiation but not yet let. Contractors had no idea how long the suspension would last and so could not make plans accordingly.

Opera house to hold auction

BY ELANE WILLIAMS

THE "COSTUME" worn by Nijinsky as Petrouchka in 1911, a Rolls-Royce Corniche convertible and a David Hockney print are among items to be auctioned on October 1 to raise funds for the Royal Opera House, Covent Garden.

An additional £1.5m is needed to complete renovation work on the 122-year-old building. The work was started last year after an appeal which raised £7.5m. About £2m came from the Government, £1.07m from the

Greater London Council, and the balance from the private sector.

But inflation has increased so fast that the original £6.5m estimate has increased to nearer £8m.

Sir Joseph Lockwood, vice-chairman of the appeal, said the Royal Opera House may face a cash-flow problem on the project next year if the extra money is not found.

Work started last September to bring the opera house up

to the standard of the other great opera houses.

Today, two resident companies, the Royal Opera and the Royal Ballet share the opera house for performances.

The first phase of planned improvement, costing £9m, is to extend the building to provide an opera rehearsal studio, two rehearsal rooms for the Royal Ballet, a chorus rehearsal room, modern dressing rooms, and increased wardrobe storage. This will be completed in 1982.

£5m to speed homes for sale

FINANCIAL TIMES REPORTER

THE GOVERNMENT has given £5m to the Housing Corporation so that it can make an immediate start on the first "improvement for sale" schemes.

The pilot schemes will be carried out by 20 associations which have told the Government they want to take part.

The Abbey National and Nationwide building societies

have agreed in principle to assist with mortgages for people buying the improved homes.

The idea is that the private sector will largely rebalance the public expenditure used for the original purchase and improvement of the houses by the associations.

The schemes come under the

new Housing Act, which allows a maximum grant of £5,000 to be paid to the associations towards the difference between the total cost of property and the price for which it is sold.

It is part of the Government's drive to increase low-cost home ownership by several means, including the sale of council houses.

When we move office furniture we don't let a little thing like Trafalgar Square get in the way.

Before we moved the Canadian High Commission from their old office off Trafalgar Square to their new office across the road, we didn't realise they were so high up in the world.

Six storeys high to be exact. Normally this wouldn't have posed any problems but unfortunately most of their furniture was on the large size, and their only lift was on the small size.

Rather than carry everything down 6 flights of narrow stairs, we decided on another route.

With GLC permission and Metropolitan Police assistance, we closed off part of Trafalgar Square and erected a crane.

Everything that was too big to go down in the lift was then loaded up onto their flat roof.

From there it was simply swung by crane and lowered safely onto the roof of their new building. After that it was all down hill.

Although this isn't the sort of move we do every day, many of our jobs do call for a lot of careful planning and organisation.

Often, for instance, we are asked not only to move office equipment, but to move the homes of all the office staff as well.

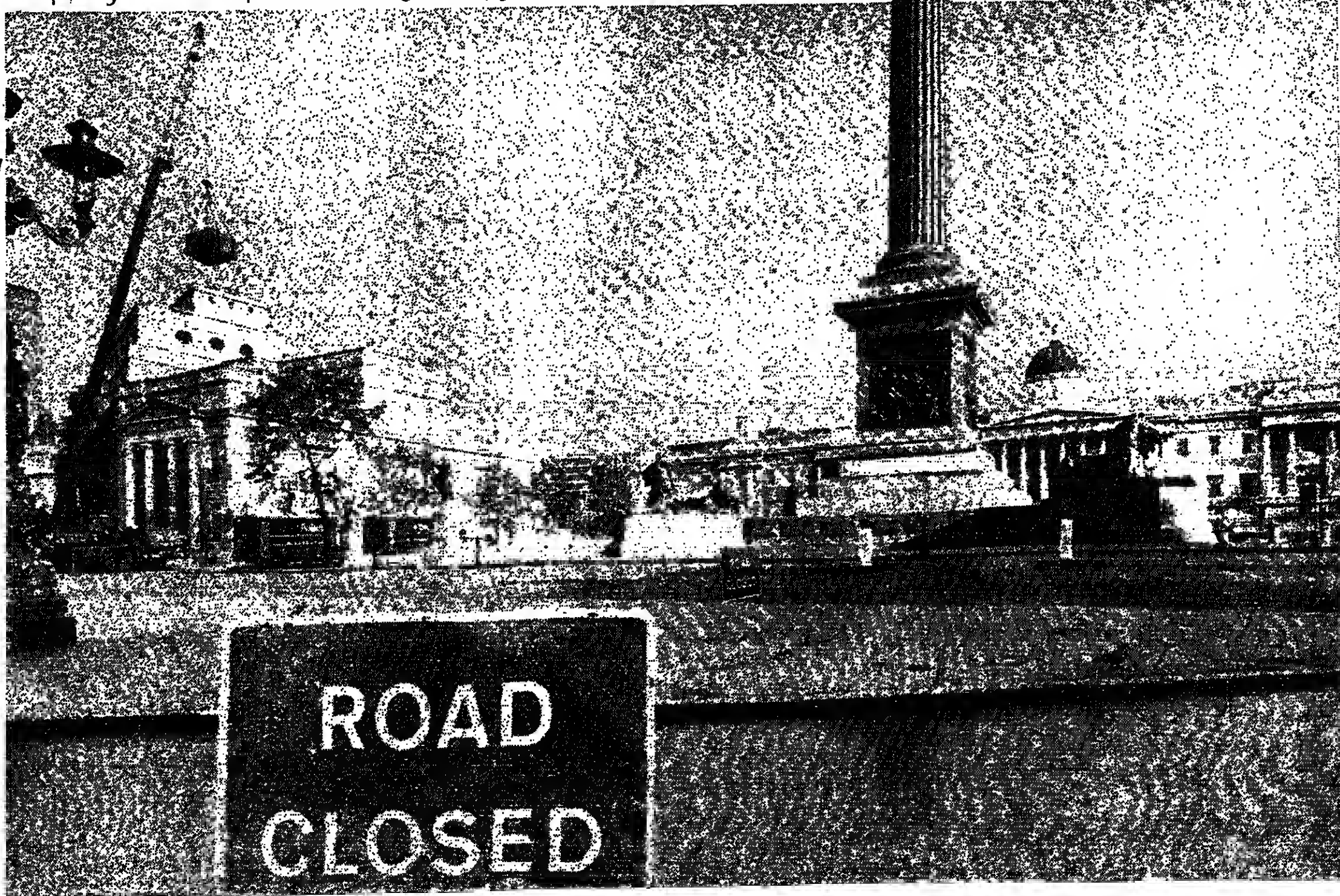
However, with 160 branches throughout the country, all with their own storage facilities, wherever you're moving to, we'll always be close at hand.

We also have many agents in major towns and cities throughout

the world, so we can even move your company abroad.

But as well as handling large removal jobs, (we've moved banks, hospitals, museums, libraries and science laboratories) we will also just as happily move the smallest

office, business or corner shop. In fact we do hundreds of such moves each year. Which just goes to prove that to move with us, you don't have to be in high places. **Pickfords** Britain's most experienced removal company.



UK NEWS - LABOUR

National strike threat at Hawker Siddeley

BY JOHN LLOYD, LABOUR CORRESPONDENT

UNION OFFICIALS at the Gardner Diesel engine subsidiary of Hawker Siddeley said yesterday that they would take industrial action if the company went ahead with plans to sack 700 of its 2,500 workforce. The company, which makes large diesel engines mainly for commercial vehicles, has been faced with a steep drop in demand as a result of the weakening of the market. The workers at Gardner are already on a three-day week.

The management gave notice of the planned redundancies about two weeks ago in the

course of its annual wage negotiations. A conference between the unions and the management, which is part of the dispute procedure, was adjourned without reaching an agreement.

Last Friday, the workforce voted at a mass meeting to resist the redundancies, and to take industrial action if the company did not revise its proposals.

Mr. Tom Macafee, the Amalgamated Union of Engineering Workers (AUEW) convenor at Gardner, said yesterday that he believed the dis-

pute might grow to become a national stoppage. "A lot of people have pledged support to our stance," he said.

Mr. Macafee, together with three other union officials from the plant, was in London yesterday to discuss the situation with Mr. Ken Cure, the AUEW executive committee member for the area.

The company said that the taken since Hawker Siddeley acquired the company three years ago, which is worth about £17m, would continue. There was no intention of closing the plant.

TGWU campaign for women members

By Pauline Clark, Labour Staff

THE Transport and General Workers' Union yesterday launched a campaign to help its women members.

The union is urging men to take on more domestic responsibilities, and union negotiators to pay more attention to women's problems when bargaining with employers.

As part of the campaign, women's regional advisory committees will be set up to press for more benefits of importance to working women to be included in pay negotiations in the coming year.

These benefits would include improved maternity and paternity leave.

Mrs. Marie Paterson, national secretary in the TGWU and chairman of the TGWU women's advisory committee, said the campaign would for the first time try to ensure that employers improved recruitment, training and promotion policies to help women secure greater equality with men.

Mrs. Paterson yesterday launched a TGWU handbook for women designed to "stimulate and enthuse" members with a greater understanding of women's problems and how efforts can be made to solve them.

A major problem in union organisation of women was ensuring that branch meetings did not clash with the domestic responsibilities of working mothers, she said.

It was hoped to improve the position where only seven of the union's 500 full-time officials were women, although there were 240,000 women among the TGWU's 2m members.

The handbook points out that the average woman's wage was 73.9 per cent of the average man's wage in 1978—lower than the 1977 figure of 75.5 per cent.

It was said that women are still concentrated in the low paid, low status industries and occupations.

Strong union organisation is needed in these sectors to bring all workers' wages up to an acceptable level, says the handbook. At the same time, there are "many ingrained attitudes" to be overcome among men and women.

Severance package for Consett will cost £35m

BY GARETH GRIFFITHS

THE British Steel Corporation is to spend about £35m on severance and redundancy pay for 3,500 steel workers who are to lose their jobs in the early closure of the Consett steel works.

The payments will be made in two halves, one this month and the second in September, 1981. They range from £3,500 to about £22,000. BSC said last night that the maximum figure applied in only a few cases and that the average payment, including grants from the EEC,

amounted to about £7,000.

Details of the severance package—described by Mr. Bill Sims, general secretary of the Iron and Steel Trades Confederation, as "fool's gold"—were announced to shop stewards at Consett yesterday. BSC officials say the package is one the same scale as that for the Shotton closure.

The £35m package includes an additional sum because of the advancement of the closure date and payment in lieu of notice. It comprises £17m

severance pay, £11m redundancy pay and £7m holiday entitlement. BSC said yesterday that the pay-offs took into account the social consequences of the closure.

About 3,000 steelworkers will lose their jobs at the end of this week, and the remaining workforce of 500 will go during the next couple of months.

Those who will receive payments of £20,000 or more include blastfurnace keepers aged in their 50s or early 60s with long experience at the works.

CEGB plant talks date set

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE Central Electricity Generating Board is to put firm proposals for a large plant closure programme to union representatives on October 28.

This emerged last night after discussions on the closure programme between

the board and the industry's six unions. Details of individual power stations under consideration are likely to be released in the next few days after staff have been informed.

The board is understood to be planning either to retire

or to mothball up to 20 stations, involving a loss of 3,000 jobs.

But the CEGB stressed last night that it always gave 12 months' notice of its intention to shut a station and those under review would not be closed before October next year.

Demand falls as capacity rises

A SHARP decline in demand for electricity has behind the Central Electricity Generating Board's plan to retire or "mothball" up to 20 power stations over the next few years, writes Martin Dickson.

A combination of strikes, a mild winter and the recession meant that electricity demand in Britain was down by 6.8 per cent in the first six months of this year, compared with 1979, and there are no signs of a rapid recovery.

The electricity supply industry in England and Wales—the Electricity Council, the 12 area boards and the CEGB—are next month due to adopt new medium-term forecasts of demand and the figures seem certain to be lower than those announced last February—in turn sharply down on 1979 estimates.

February's estimate was for demand to rise from 236 terawatt (trillion watt) hours this year to 239.4 TWh in 1980-81—8 per cent lower than the previous forecast. Maximum demand—greatest power that stations would have to supply at any one time—was forecast to rise from 45,700 megawatts

this year to 48,500 MW in 1980-1981.

But while demand estimates have been coming down, generating capacity is due for a substantial boost during the next two to three years with the commissioning of six new power stations with a combined generating capacity of nearly 9,000 MW.

Work is almost finished on three 1,320 Mw nuclear stations—Dungeness B, Hartlepool and Heysham 1—and on two oil-fired plants—the 2,000 Mw Littlebrook D and the 1,000 Mw Ince B.

The oil-fired Isle of Grain station, where work has been disrupted by the long-running lagers' dispute, is also due for completion by 1983, though generating only 2,000 Mw rather than the 3,200 Mw originally planned.

Adding this capacity to its existing capability of 57,000 Mw would give the CEGB an embarrassing surplus of generating capacity by the mid-1980s—well above its so-called planning margin, the 28 per cent excess capacity kept to cope with sudden contingencies.

As a result, the CEGB has come under pressure to phase out its least efficient plants—small, elderly and coal-fired stations are expensive to run. Up to 3,000 Mw will be retired or mothballed.

Stations put into mothballs—on a care and maintenance basis—could remain so for five years before being brought back into service—if they are brought back at all.

The move places the Electrical and Plumbing Trades Union, led by Mr. Frank Chapple, in a dilemma. It has campaigned strongly for the CEGB to press on with construction work at new stations and could be accused of inconsistency if it opposes the CEGB plans.

Financial pressures on the generating board have reinforced its closure programme. The recession has hit its sales. The CEGB recorded a net loss of £17m in the financial year to last March because of higher outgoings and reduced demand.

Under pressure from the Government to cut costs and stick to tight cash limits, it cannot afford to keep its most inefficient stations on the grid, August next year.

Joseph to hear fears on car imports

By Our Labour Correspondent

LEADERS of the Confederation of Shipbuilding and Engineering Unions will meet Sir Keith Joseph, the Industry Secretary, on September 22 to express the unions' fears about the high level of imports, particularly of cars.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers' engineering section, said yesterday that the union was concerned over the proposed assembly in Warrington over the next 12 months of 500 heavy trucks manufactured by Hino, Japan's biggest heavy truck producer.

Mr. Duffy said the plan appeared to break an agreement to cut back on imports made between the Japanese Automobile Manufacturers' Association and the Society of Motor Manufacturers and Traders. The AUEW is also to raise again the question of human rights in Chile, and will ask the Government to reconsider its lifting of the ban on arms sales to that country.

The union has already written once to Mrs. Thatcher to express its view, and had received a reply from Mr. Nicholas Ridley, Minister of State at the Foreign Office, saying that the policy would continue. It is to stress its case in a further letter.

Postal voting for the post of president of the AUEW's engineering section opened yesterday. There are eight candidates, of whom the strongest contender to Mr. Duffy is Mr. Bob Wright, the union's assistant general secretary, who has the support of the broad left group within the union.

The union's national committee meets this weekend at Llandudno to decide on the position its delegation will take at the Labour Party conference at the end of the month.

Unions consider pit closure plea

MINEWORKERS are considering whether to accept a proposal by the National Coal Board to close New Humeall Colliery, Sarton-in-Ashfield, Nottingham, and redeploy its 626 workers.

The area board said the remaining reserves were few, of poor quality, and affected by water from closed workings. It wants to close the pit in August next year.

Drivers' dispute may close Talbot plant

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TALBOT plant at Linwood, Strathclyde, could close next week if a strike by 38 car transporter drivers is not settled.

Linwood, which produces 850 Sunbeams and Avengers each week, has a stockpile of 1,100 cars and is running out of storage space.

Officials of the Transport and General Workers' Union will meet the management of the transporter company, Silcock and Collings of Elderslie, today in an attempt to end the two-week dispute.

Silcock and Collings said yesterday that the dispute was over the drivers' refusal to pick up cars from Linwood, because

they claimed there was a difference between stored cars and sold cars.

An offer to pay the workers for the first day of their strike and to give their pay for the second day to a mutually agreed charity had been rejected by the TGWU, the company said.

Talbot said that there was no intention of switching to another transporter company. It has, however, increased its production of left-hand drive cars for export, because there are transported by another company.

The Linwood plant has put its 5,000 workers on a three-day week, because of the slump in car sales.

'Disease' in NUJ attacked

By Our Labour Correspondent

A "NEW DISEASE" had grown in the structure of the National Union of Journalists which threatened its power and effectiveness, Mr. Francis Beckett, the NUJ's president, said last night.

In a speech to the union's Glasgow branch, Mr. Beckett continued his attack on the union's delegation to the TUC, which he said prevented both himself and Mr. Ken Ashton, the union's general secretary, speaking.

Mr. Beckett also attacked the "plethora of committees" in the union, which dissipated any effective power and constrained the leadership. "Power struggles in smoke-filled rooms are great fun, but when the smoke clears, where is the power?" he said. He called on members to address themselves to reforms at the union's delegate meeting next April.

Mr. Aidan White, a member of the union's TUC delegation and the proposer of the motion on the media, yesterday said he had checked over his speech with Mr. Beckett before making it, and had been congratulated by Mr. Beckett after speaking. There was "an unfortunate clash of interests" within the union.

Talks on millers' pay

THE PROSPECT of a UK flour milling strike depends on the outcome of talks today with employers, a Transport and General Workers' Union spokesman said yesterday.

Mr. Bob Harrison, national secretary of food, drink and

tobacco in the TGWU, said the employers and the three unions representing the 5,000 workers in the industry have been meeting to discuss pay.

Both sides are "a considerable distance apart." The employers' last offer amounting to 14 per cent was rejected.

NOW AVAILABLE

FINANCIAL DataBank ON 3,250 U.S. STOCKS

Comprehensive market and financial data on magnetic tapes at low cost that can run on your own computer.

□ Up to 140 data items on 3,250 common stocks - all New York and all American listings plus 830 major NASDAQ/OTC issues.

□ Seven standard tapes to choose from - each with blends of stock prices, price trends and volume data plus income and balance sheet information.

□ Custom tapes and custom reports available by special order.

The Media General Financial Service data base, 10 years in the making, is updated constantly, and the tapes are available on a monthly or quarterly basis.

For a brochure describing each tape, please write or call:

Media General Financial Services, Inc.
Attn: Dennis H. Cartwright
P.O. Box 26991, Richmond, Virginia 23261 U.S.A.
Telephone: (804) 649-6587

A Division of Media General, Inc.

Nationale-Nederlanden

To holders of warrants entitling to bearer depositary certificates representing shares in Nationale-Nederlanden N.V., established at Delft (Netherlands), and issued in conjunction with:

a) the US \$ 30,000,000 8% debenture loan 1976 issued by Nationale-Nederlanden Finance Corporation (Curacao) N.V., established at Willemstad (Curacao), and

b) the share issue by Nationale-Nederlanden N.V. in 1978 with a nominal value of DFIs 13,077,700.

As a result of the decision taken by Nationale-Nederlanden N.V. to make an interim dividend for 1980, at DFIs 2.90 per share, payable, to be taken up, at the option of the shareholder, either entirely in cash or DFIs 0.80 in cash and DFIs 0.20 nominal value in bearer depositary certificates out of share premium, the warrant exercise price for warrants issued in 1978 has been reduced from Dfl 111.87 to DFIs 111.74 per certificate as per 9 September 1980.

In consequence of this reduction of the warrant exercise price the number of bearer depositary certificates representing shares in Nationale-Nederlanden N.V. obtainable per 1978 - warrant has been increased to 11,186,653 shares as per 9 September 1980.

For warrants issued in 1976 the warrant exercise price current since 30 May 1980 as well as the number of bearer depositary certificates representing shares in Nationale-Nederlanden N.V. obtainable, DFIs 98.20 and 122,198,59 respectively, remain unchanged.

Delft, September 4, 1980

The Executive Board

London Clearing Banks' balances

as at August 20, 1980

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures

produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences arise from the exclusion from the clearing bank figures of Courts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding	Change on month
LIABILITIES	£m	£m
sterling deposits:		
UK banking sector	5,403	+252
UK private sector	37,812	+438
UK public sector	700	+108
Overseas residents	4,350	-74
Certificates of deposit	2,240	
of which: Sight	50,424	+724
Time (inc. CDs)	17,975	-4
Foreign currency deposits:		
UK banking sector	7,273	+352
Other UK residents	1,372	+21
Overseas residents	18,279	+784
Certificates of deposit	1,666	+93
Total deposits	28,590	+1,250
Other liabilities*	79,014	+1,974
Total liabilities	107,604	+3,224

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

Sterling		
Cash and balances with Bank of England	1,568	+ 295
Market loans:		
Discount market	2,383	-113
UK banks	7,322	+279
Certificates of deposit	1,495	-119
Local authorities	1,110	+38
Other	519	- 58
	13,419	+ 28
* Includes items in sus		

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES	TOTAL	BARCLAY
	Out- standing month	Out- standing month
LIABILITIES	£m	£m
Total deposits	79,014 +1,974	22,200 +417
ASSETS		
Cash and balances with Bank of England	1,568 +295	440 +38
Market loans:		
UK banks and discount market ...	16,963 +370	4,727 +63
Other	15,751 +745	4,653 +197
Bills	1,873 - 51	495 - 52
British Government stocks	1,359 +423	356 +176
Advances	42,981 +542	12,310 +104

* Includes items in suspense and in transit.

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

Eligible liabilities	33,868	+274	10,510	+95
Reserve assets	4,357	+56	1,313	+2
Reserve ratio (%)	12.9	+0.1	12.7	-0.1

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

	August 20, 1980	Change on month
1-Banks	£m	£m
Eligible liabilities		
UK banks:		
London clearing banks	34,048	+237
Scottish clearing banks	2,847	+164
Northern Ireland banks	1,141	-18
Accepting houses	2,784	-78
Other	9,364	+397
Overseas banks:		
American banks	6,216	+656
Japanese banks	528	-15
Other overseas banks	4,606	+256
Consortium banks	487	+24
Total eligible liabilities*	62,140	+1,682

Reserve assets	August 20, 1980	Change on month
UK banks:		
London clearing banks	4,381	+58
Scottish clearing banks	500	+18
Northern Ireland banks	186	-2
Accepting houses	392	-10
Other	1,250	+41
Overseas banks:		
American banks	823	+63
Japanese banks	74	-1
Other overseas banks	634	+23
Consortium banks	75	+2
Total reserve assets	8,516	+192

Constitution of total reserve assets	August 20, 1980	Change on month
Balances with Bank of England	672	+815
Money at call:		
Discount market	4,157	-132
Other	289	-30
UK, Northern Ireland Treasury Bills	1,110	-89
Other bills:		
Local authority	382	-
Commercial	1,153	+27
British Government stocks with one year or less to final maturity	878	+111
Other	-	-
Total reserve assets	8,516	+192

Ratios %	August 20, 1980	Change on month
UK banks:		
London clearing banks	12.9	+0.1
Scottish clearing banks	12.9	-0.1
Northern Ireland banks	14.6	+0.1
Accepting houses	14.1	-
Other	13.3	-0.1
Overseas banks:		
American banks	13.0	-0.4
Japanese banks	14.1	+0.1
Other overseas banks	14.2	-0.3
Consortium banks	15.4	-0.4
Combined ratio	13.2	-

n.b.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to £243m.

2-Finance houses

	August 20, 1980	Change on month
Eligible liabilities	466	-37
Reserve assets	484	-3.8
Ratio (%)	10.4	-0.2

Special deposits at August 20 were nil (unchanged) for banks and nil (unchanged) for finance houses. * Interest-bearing eligible liabilities were £45,858m (up £1,682m).



**IT'S TUNED 100 TIMES EVERY SECOND.
INSTEAD OF ONCE EVERY 10,000 MILES.**

Under the bonnet of the new BMW 732i there's an electronic brain hardly bigger than a postage stamp.

This is what it can do in a hundredth of a second.

It uses eight different sensors to measure everything from the precise rotation of the crankshaft to the exact amount of air that's being drawn into the engine.

Then it works out, to within a thousandth of a fluid ounce, how much fuel should then be injected into the cylinder. And, to within a millisecond, when the spark should ignite it.

Then it picks from 4,089 different permutations of fuel and timing the optimum

one for that particular hundredth of a second.

Then it does this all over again in the next hundredth of a second.

With the result that this electronic car achieves what the designers of conventional cars can only dream about.

It achieves theoretically perfect fuel consumption in virtually every driving situation.

It even stops using petrol entirely when you take your foot off the accelerator above 1200 r.p.m.

If none of this fits your preconceptions of a large, luxury car, that's because all the new BMW 7 Series are quite unlike any such car that you may have driven.

For the aim has been to go well beyond the extravagant performance and superficial trappings of luxury that characterised such vehicles in the past.

Instead, BMW have used technology to eliminate many of the compromises that, until now, have been inevitable in car design.

Some of this is achieved by the use of electronics, as with our engine computer. Or the optional ABS anti-lock system which stops you up to 40% faster than a conventional system.

Sometimes, it's being achieved by new advances in mechanical engineering. As with the double-pivot front suspension which, for

the first time, approaches theoretically perfect steering geometry.

In all cases, you'll find these innovations have improved the BMW 7 Series as a driving machine.

Yet the surprising fact is that they have done so without, in real terms, increasing its price. Allowing for inflation, all the new BMW 7 Series cost less than the original 7 Series cost twelve months ago.

Technology, it seems, has not only improved our cars. It's also improved their prices.



THE ULTIMATE DRIVING MACHINE

BMW 7 SERIES PRICES START AT £12,435 FOR THE 728i. PRICE, CORRECT AT TIME OF GOING TO PRESS, INCLUDES CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. D.O.E. FUEL CONSUMPTION FIGURES: 728i URBAN CYCLE 16.1MPG (176.1/100KM), 56MPH 31.7MPG (85.1/100KM), 75MPH 25.2MPG (112.1/100KM); 730i URBAN CYCLE 15.1MPG (187.1/100KM), 56MPH 31.7MPG (85.1/100KM), 75MPH 24.6MPG (115.1/100KM); 735i URBAN CYCLE 14.1MPG (20.1/100KM), 56MPH 32.8MPG (86.1/100KM), 75MPH 26.2MPG (108.1/100KM). FOR DETAILS OF YOUR LOCAL DEALER AND A COPY OF OUR 7 SERIES BROCHURE PLEASE WRITE TO BMW (GB) LTD, ELLESFIELD AVENUE, BRACKNELL, BERKSHIRE RG12 4TA. FOR TAX-FREE SALES, 56 PARK LANE, LONDON W1 RING 01-629 9277.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

COMMUNICATIONS

Plans for expansion of Prestel

BRITISH Telecom, the new body formed following the Post Office split, is hoping to set up an international Prestel service for businessmen.

A proposal for a full service is likely to be placed before the organisation's board next month following the success of marketing trials which have been taking place in seven countries since the beginning of the year.

If approved, International Prestel would be aimed at businessmen whose activities cover a wide number of countries and need to be informed of overseas developments. It would be more expensive than local Prestel or viewdata systems which are run by individual countries' telecommunications authorities.

British Telecom believes that the number of business users will run into the hundreds of thousands rather than millions which it hopes will eventually use the domestic Prestel service. However it could be very profitable.

The services would be run from the UK and links would be via the international telephone network.

Unlike the British Prestel system, where information providers have control over the

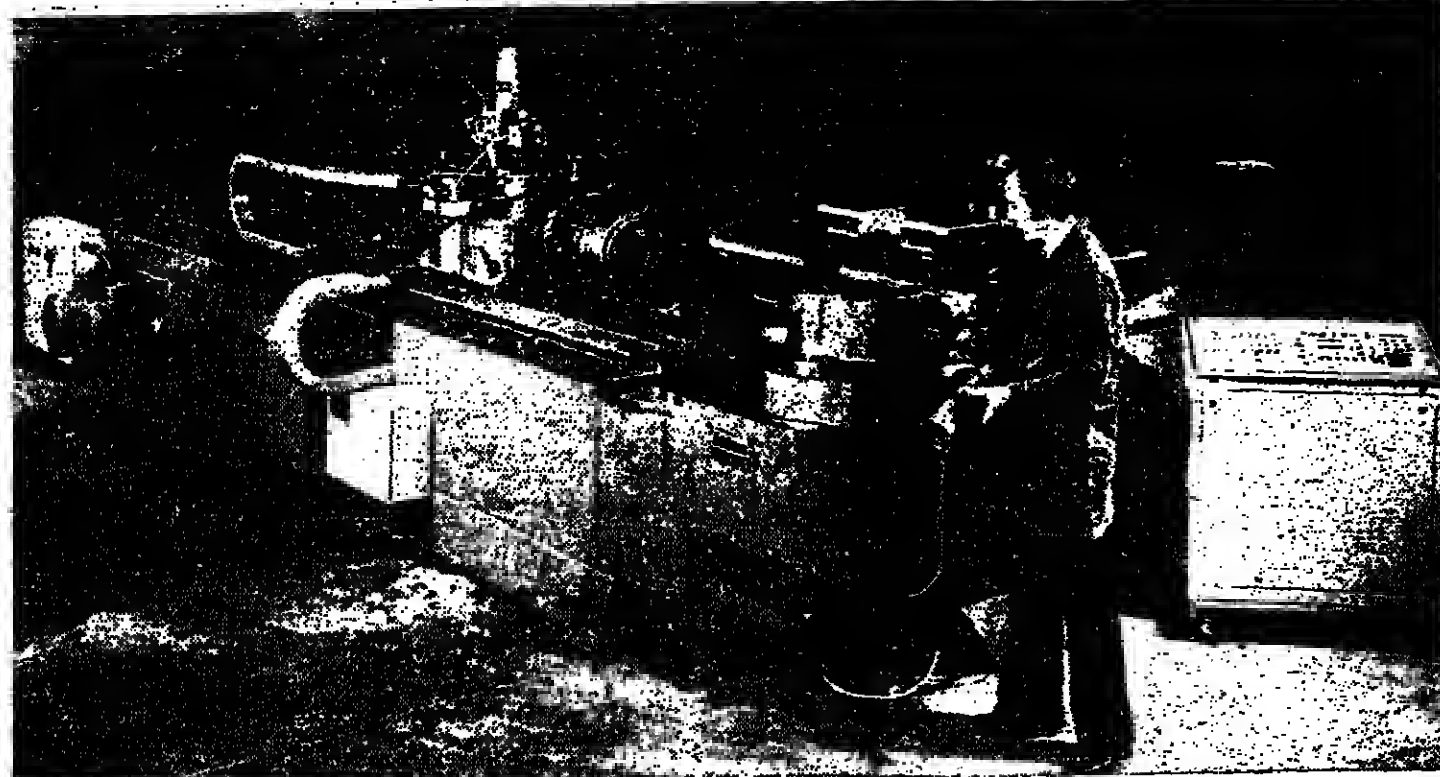
type of information they store on the network, British Telecom is likely to vet all data submitted to avoid infringements of privacy laws in countries such as Sweden.

The market trials have 240 users and more than 80 companies providing information on the system's computer. Countries involved are the UK, Australia, U.S., Sweden, Netherlands, Switzerland and West Germany.

On the home front, Prestel sets have been installed in over 30 farms in Britain for a year's trial by Radio Rentals Contracts and the Ministry of Agriculture Fisheries and Food.

The ministry wants to determine the reaction of farmers to instant agricultural information. During the trial farmers in the North, Derby, Nottingham and West Midlands areas pay for the telephone charges and the information they access on Prestel, while the Ministry foots the installation and rental costs.

Farmers using the service will be able to refer to a range of information covering news, farm prices, disease and pest warnings, weather, crops, livestock, fertiliser, feedstuffs and farm machinery.



Using 'bubbles' to bend steel pipes

Some of the most exquisitely delicate microelectronics yet manufactured has been utilised in the construction of the Powerbend 120 NC shown in operation here. Its purpose is neither exquisite nor delicate. It bends steel pipes for the pipe shops in the shipbuilding, petro-

chemical and heavy engineering industries.

The Powerbend is manufactured by Pressbend, a division of the Addison Tool Company. Made in Lancashire and utilising electronics by Moog, the machine is said to be the most advanced of its kind in the world.

Capable of bending pipes up to six inches in diameter, with a wall thickness of 1/2 inch in mild steel or 1 inch in stainless steel, the Powerbend uses two Moog Series 94 servo actuators to control the position and orientation of the pipe between bending operations.

The secret of the machine is a bubble memory, a type of microelectronic chip which can remember up to 4,000 different pipe configurations as microscopic bubbles of magnetism.

The first Powerbend has been ordered by a heavy engineering company in Italy. Moog Controls is on 0684 296600.

DATA PROCESSING

Hotels have reservations about computing

HOTELS could spend up to £100m a year on computing, but they are poorly served by the computer industry.

This is the chief implication of a new survey of the computing requirements of the hotel industry in the UK carried out by the British Association of Hotel Accountants (BAHA).

The results were analysed by the major U.S.-based computer bureau Automatic Data Processing (ADP) which has selected the hotel trade as one of its main areas of specialisation.

According to Mike Hensman of ADP, who co-ordinated the results, UK hotels spend about £30m on computing annually at present; the market potential is probably £100m, he said.

The survey showed that of the 60 hotels and hotel groups which participated in the survey, 80 per cent had access to computing facilities and a further 8.5 per cent were planning to have access. 52 per cent claimed to have access to an in-house minicomputer while 44

per cent were using a batch bureau, and 40 per cent used the computing facilities run by their parent company.

Time sharing bureaux—which really means an interactive bureau system where the customer can carry on a conversation with the computer, asking questions and demanding reports, were comparatively unpopular.

Only 28 per cent of the sample had access to interactive computing and the survey commented: "The industry believes that the majority of its computing can be processed in batch mode."

Most of the annual computing budget was spent on general accounting and accounts payable. Mr. John Corson, a chartered accountant and chairman of BAHA, commented: "This is the saddest aspect of the survey. It indicates that all the money spent in developing hotel-oriented packages has been money not at all well spent."

He agreed that while indi-

vidual companies and individual hotels had made a success of systems, in general the hotel business had not been well served by the computer industry. There was a feeling that the hotels expected the same standard of service from their computer suppliers that they gave their guests.

Hotels, just like any other business, seemed to use computing for accounting and payroll; the survey suggested.

What it wants to use computing for is to get timely information on sales and occupancy, food and beverage control and front office reservations.

Some 55 per cent of those hotels surveyed did not believe that their organisation was making adequate use of the latest technology in information processing. In fact, through a lack of awareness of what technology is available, 67 per cent said they would be interested in participating in the joint development of hotel industry-specific applications.

Some 25 suppliers, both hardware, software and services, were mentioned as present or potential suppliers of computing including ADP, Centre File, Comshare, Hoskyns, IBM, ICL, NCR and Marcol.

Hoskyns, IBM and NCR were the suppliers most frequently mentioned.

ADP, which is one of the highest U.S. interactive bureaux, operates a service called "On-site" which it has sold into the hotel market in addition to the hotel services it offers on its central network.

"On-site" involves leasing a computer (a small mainframe) to the client for his exclusive

use, providing maintenance and a full back-up service on the bureau's computers.

Hoskyns has built a number of systems which it claims are industry specific and which run on microcomputers. Mr. Brian Read, marketing director for Hoskyns, asked to comment this week on the BAHA findings, said he believed the figures for market size were broadly correct, but that this year the hotel business was taking an unprecedented battering.

The most vivid information in the BAHA survey comprises comments from hotel management on their computer systems.

"Staff have not been saved... we still require staff to be physically available 24 hours a day and they also have to be trained to use the computer."

"In the past a ledger card could be picked up and viewed; computing systems involve looking at 12 pinpoints and not one simple sheet."

"Computing companies must start to do the work themselves, not leave 50 per cent of it to the hotel."

"Computing companies must develop a more complete, cheaper package for hotels, not expect to put in systems and then build on to them when they discover what an hotel needs."

The latest edition of the International Directory of Software 1980-81 lists some eight management packages from companies like Marcol and Pico in the UK and Sigma Data and Timberline in the U.S.

There are 43 packages listed for hospital and health care applications.

ADP is on 01-637 1355, BAHA can be contacted through Russell Kett on 01-486 5191.

INSTRUMENTS

In-flight recorders

NEW RUGGED magnetic recorders have been introduced by the Enertec division of Schlumberger. For vehicles such as torpedoes and fighters there is the ME4110. Specially designed for in-flight recording, this machine will record analogue signals from 100 hertz to two Megahertz (MHz) in direct mode, or zero to 400 Kilohertz in frequency modulation (FM) mode.

Then there is the ME4115 which has been designed, Enertec says, for the most testing environment. It will record up to 32 tracks under severe conditions at speeds from 2.38 centimetres a second to 304 centimetres a second.

Typical applications for the 4115 include mobile laboratory

instrumentation, vehicle testing, anti-submarine buoy signal acquisition, fly-electric digital data bus watchdog and digital image or radar recording.

Enertec has also launched the Sabre 50 transportable recorder reproducer. According to the manufacturer, the Sabre is not only smaller and lighter than any other system handling 10.5 inch and 14 inch diameter reels, but that it offers superior performance.

There is a modular, quick disconnect control panel for remote operation, and transistor logic (TTL) remote controllable and direct bandwidth of two MHz and FM bandwidth from DC to 500 kilohertz. More information on Aldershot 317661.

OFFICE EQUIPMENT

Plain paper copier uses fibre optics

WHAT IS said to be the smallest plain paper copier in the world has been launched by Nashua, the Japanese office equipment company.

Measuring only 18 inches by 18 inches by 13 inches deep, the miniaturisation has been made possible by a combination of microelectronic technology and fibre optics.

The new machine, the 1205, comes only five years after Nashua took a leading position in world markets with the 1220 which exploited its liquid toner transfer system.

The 1205 also uses the liquid toner transfer with microprocessor control, but conventional lenses have been replaced by more compact fibre optics, the technology where light is conducted down a glass fibre.

Mr. Roy Parkinson, managing director of Nashua, said this week that the major factors contributing to the continued sales

growth of plain paper copiers—about 15 to 20 per cent a year—are their low cost, ease of operation and the continuing need for paper records in offices.

New technology had cut the price of plain paper copiers, he said, and the paper cost significantly less than the coated paper common in other low-cost copiers.

The new Nashua machine is designed for small businesses or where inexpensive decentralised copying is needed, say up to 3,000 copies a month.

It has an automatic cut-out after 60 seconds, adjustable exposure control and improved copy quality, especially in response to blue.

It has a keyboard and a digital readout to keep track of how many copies have been made.

The new machine will make its first appearance in the UK at the London Business Show on September 23-25. Nashua has a London office at 831 6011.

RESIDENTIAL PROPERTY

ABITARE SCAI

LIVING SCAI

SUN, SMILES & SEA IN ITALY

BUY YOURSELF A HOUSE IN SARDINIA AS WELL AS IN OTHER ITALIAN DISTRICTS. A VERY GOOD INVESTMENT AND ALSO A WAY TO ENJOY UNFORGETTABLE HOLIDAYS AMONG GENEROUS AND FRIENDLY PEOPLE

We offer flats of various sizes in Sardinia through financing, up to 75%:

COSTA ROMANTICA: 10 Km. from Olbia/Costa Smeralda international airport, 185 single-family units of 40/50 sq. m. each at a cheap price—adjoining hotel in preparation, fitted with sport and recreational facilities.

TORTOLI/ARBATAXI: near the sea preferred by Jacques Picard, flats of 60/80 sq. m. each fitted in the residential area of "Porto Frailis".

COSTA SMERALDA/PORTO CERVO and **ORTO ROTONDO:** Single- and two-family villas of 120/130 sq. m. each, condominium sport facilities.

STINTINO: on the exotic beach facing Corsica, mini-flats fully furnished with adjoining sport and recreational facilities.

We also offer:

APULIA: flats located near the splendid sea of Gargano.

CALABRIA/SICILY: tourist and industrial development areas, both under study and already accomplished.

ROME: grand style villa at town centre with 13,000 sq. m. private park. Price: U.S.\$5 million.

TURIN/AOSTA VALLEY: mini-flats with residence-style furnishings among the most beautiful mountains in the world.

(SCAI-HOLDING OF SERVICES real estate dept.—Promotion & development of contracting enterprise both in Italy and abroad. Financing and commercial advice for international exchange and economic co-operation.)

Addresses of main SCAI offices:

In Italy: 09100 CAGLIARI (Sardinia), Via Crispì 19—Tel: (070) 663.646-663.902.

08100 NUORO (Sardinia), Via Leonardo da Vinci 40—Tel: (0784) 31176.

00185 ROMA, Via F. Turati 86—Tel: (06) 734.515-730.373.

20122 MILANO, Via Durini 56—Tel: (02) 701.896-781.020.

10100 TORINO, Corso Turin 19/1—Tel: (011) 503.555-504.353.

In Switzerland: 1204 GENEVE, c/o PROMECO SA, 92 rue du Rhône—Tel: 214.922-214.923.

Telex: 422707 PROMEC

COMPANY NOTICES



BEARER DEPOSITARY RECEIPTS

Following the DIVIDEND DECLARATION by the Company on 10th July 1980, NOTICE is now given that the following DISTRIBUTION will become payable on or after 12th September 1980.

Gross Distribution per Unit	1.500 cents
Less 15% USA Withholding Tax	0.225 cents
	1.275 cents
Converted at \$2.43	= \$0.0052469

Claims should be lodged with the DEPOSITARY: National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, London, EC2 on special forms obtainable from that Office. United Kingdom Banks and Members of the Stock Exchange should mark payment of the dividend in the appropriate square on the back of the certificate. All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank Limited. Postal applications cannot be accepted. 10th September 1980.

BRAZILIAN EQUITY HOLDINGS S.A.

Registered Office: Luxembourg, 15 rue d'Arlon.

Registre de Commerce Luxembourg.

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

(1) To accept the resolution of the shareholders to:

(a) to appoint Messrs. Moret & Linder as auditors.

The shareholders are advised that no quorum for this general meeting will be reached unless the majority of the shares are present or represented.

The meeting will be held at 27 Avenue Montevideo, Luxembourg, on 11th September 1980, at 11.45 a.m. for the purpose of considering and voting upon the following matters:

(1) To accept the resolution of the shareholders to:

(a) to appoint Messrs. Moret & Linder as auditors.

The shareholders are advised that no quorum for this general meeting will be reached unless the majority of the shares are present or represented.

The meeting will be held at 27 Avenue Montevideo, Luxembourg, on 11th September 1980, at 11.45 a.m. for the purpose of considering and voting upon the following matters:

(1) To accept the resolution of the shareholders to:

(a) to appoint Messrs. Moret & Linder as auditors.

The shareholders are advised that no quorum for this general meeting will be reached unless the majority of the shares are present or represented.

The meeting will be held at 27 Avenue Montevideo, Luxembourg, on 11th September 1980, at 11.45 a.m. for the purpose of considering and voting upon the following matters:

(1) To accept the resolution of the shareholders to:

(a) to appoint Messrs. Moret & Linder as auditors.

The shareholders are advised that no quorum for this general meeting will be reached unless the majority of the shares are present or represented.

The meeting will be held at 27 Avenue Montevideo, Luxembourg, on 11th September 1980, at 11.45 a.m. for the purpose of considering and voting upon the following matters:

(1) To accept the resolution of the shareholders to:

(a) to appoint Messrs. Moret & Linder as auditors.

The shareholders are advised that no quorum for this general meeting will be reached unless the majority of the shares are present or represented.

The meeting will be held at 27 Avenue Montevideo, Luxembourg, on 11th September 1980, at 11.45 a.m. for the purpose of considering and voting upon the following matters:

(1) To accept the resolution of the shareholders to:

(a) to appoint Messrs. Moret & Linder as auditors.

The shareholders are advised that no quorum for this general meeting will be reached unless the majority of the shares are present or represented.

The meeting will be held at 27 Avenue Montevideo, Luxembourg, on 11th September 1980, at 11.45 a.m. for the purpose of considering and voting upon the following matters:

(1) To accept the resolution of the shareholders to:

(a) to appoint Messrs. Moret & Linder as auditors.

The shareholders are advised that no quorum for this general meeting will be reached unless the majority of the shares are present or represented.

The meeting will be held at 27 Avenue Montevideo, Luxembourg, on 11th September 1980, at 11.45 a.m. for the purpose of considering and voting upon the following matters:

(1) To accept the resolution of the shareholders to:

(a) to appoint Messrs. Moret & Linder as auditors.

The shareholders are advised that no quorum for this general meeting will be reached unless the majority of the shares are present or represented.

The meeting will be held at 27 Avenue Montevideo, Luxembourg, on 11th September 1980, at 11.45 a.m. for the purpose of considering and voting upon the following matters:

(1) To accept the resolution of the shareholders to:

(a) to appoint Messrs. Moret & Linder as auditors.

The shareholders are advised that no quorum for this general meeting will be reached unless the majority of the shares are present or represented.

The meeting will be held at 27 Avenue Montevideo, Luxembourg, on 11th September 1980, at 11.45 a.m. for the purpose of considering and voting upon the following matters:

(1) To accept the resolution of the shareholders to:

(a) to appoint Messrs. Moret & Linder as auditors.

FAELLESFØRENINGEN FOR DANMARKS BRUGSFORENINGER CO-OP DENMARK

NOTICE IS HEREBY GIVEN TO THE

shareholders of the above named company that the first extraordinary general meeting of the company will be held at the offices of the company, 20 Fenchurch Street, London, EC3, on 23rd September 1980 at 2.30 p.m.

The business to be transacted at the meeting is as follows:

(1) To elect a new Board of Directors for the year ending 31st December 1980.

(2) To elect a new Board of Directors for the year ending 31st December 1980.

(3) To elect a new Board of Directors for the year ending 31st December 1980.

(4) To elect a new Board of Directors for the year ending 31st December 1980.

(5) To elect a new Board of Directors for the year ending 31st December 1980.

(6) To elect a new Board of Directors for the year ending 31st December 1980.

(7) To elect a new Board of Directors for the year ending 31st December 1980.

(8) To elect a new Board of Directors for the year ending 31st December 1980.

(9) To elect a new Board of Directors for the year ending 31st December 1980.

(10) To elect a new Board of Directors for the year ending 31st December 1980.

(11) To elect a new Board of Directors for the year ending 31st December 1980.

(12) To elect a new Board of Directors for the year ending 31st December 1980.

(13) To elect a new Board of Directors for the year ending 31st December 1980.

(14) To elect a new Board of Directors for the year ending 31st December 1980.

(15) To elect a new Board of Directors for the year ending 31st December 1980.

(16) To elect a new Board of Directors for the year ending 31st December 1980.

(17) To elect a new Board of Directors for the year ending 31st December 1980.

(18) To elect a new Board of Directors for the year ending 31st December 1980.

(19) To elect a new Board of Directors for the year ending 31st December 1980.

(20) To elect a new Board of Directors for the year ending 31st December 1980.

(21) To elect a new Board of Directors for the year ending 31st December 1980.

(22) To elect a new Board of Directors for the year ending 31st December 1980.

(23) To elect a new Board of Directors for the year ending 31st December 1980.

(24) To elect a new Board of Directors for the year ending 31st December 1980.

(25) To elect a new Board of Directors for the year ending 31st December 1980.

(26) To elect a new Board of Directors for the year ending 31st December 1980.

(27) To elect a new Board of Directors for the year ending 31st December 1980.

(28) To elect a new Board of Directors for the year ending 31st December 1980.

(29) To elect a new Board of Directors for the year ending 31st December 1980.

(30) To elect a new Board of Directors for the year ending 31st December 1980.

(31) To elect a new Board of Directors for the year ending 31st December 1980.

(32) To elect a new Board of Directors for the year ending 31st December 1980.

(33) To elect a new Board of Directors for the year ending 31st December 1980.

(34) To elect a new Board of Directors for the year ending 31st December 1980.

(35) To elect a new Board of Directors for the year ending 31st December 1980.

(36) To elect a new Board of Directors for the year ending 31st December 1980.

(37) To elect a new Board of Directors for the year ending 31st December 1980.

(38) To elect a new Board of Directors for the year ending 31st December 1980.

Why so many successful businesses are going west.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why you need to discipline your data

In the concluding article on information usage George Bunce looks at the consequences of the over-prolific computer

THE SUCCESS of a business depends on how it adapts to changes not only outside its organisation, but within it. The forces of change develop from the total business environment within which a company operates, though they vary, they are ever present, and create a succession of opportunities for profitable growth and obstacles to it.

The exploitation of opportunities and the surmounting of obstacles depend on efficient decision-making, which itself rests primarily on the proper management of relevant business information.

All managerial functions lead to and flow from decision-making, so it is obvious that business information must be designed as an integral component in the management process. It requires close integration with the organisation structure so that with the help of effective communication, it is made relevant at all the enterprise's levels and in all its activities.

A good 90 per cent of a company's opportunities, and the majority of its problems, arise in its external environment. Yet 80 per cent of the data in today's computerised "Management In-

formation Systems" concern mainly repetitive activities internal to the business. Information related to events, facts, trends, opinions, pressures and other environmental conditions external to the business, is handled in a random and unstructured fashion.

This imbalance is a prime example of attempted control without planning, which only serves to point companies in the wrong direction.

Hard facts

While much of the blame for this situation can be laid at the door of computer salesmen, the hard facts are that their clients:

- cannot define their information requirements with a sufficiently high degree of relevance to their needs;
- do not understand the purpose and use of business information, nor manage it as a crucial resource;
- block natural communication channels within their enterprise;
- fail to develop employee skills and experience to their full potential.

Hence the imbalance between internal and external information, which leads to the erosion of business vitality and dynamics through introspection, to a consequent resistance to change and to a denial of innovation.

These conditions, intensified by lack of information objectives, create a managerial information gap.

Five objectives for closing the gap have been defined and are now being applied in the design of business information systems:

- (i) The determination of business information needs for the management of change from business strategies and plans, to decisions for current operations and future developments.
- (ii) The integration of business information flows with organisation structure, so that information is available to users according to their specified needs.
- (iii) The achievement of effective two-way communication between superiors and subordinates as a regular feature in their daily work, ensuring that information on matters concerning them flows

through the recognised organisation channels.

(iv) The mobilisation of employee skills and abilities to contribute to, and participate fully in, the achievement of company objectives.

(v) The elimination of the substantial hidden costs involved in existing management information systems, and in the misdirection of effort and the waste of human resources.

Any company which adopted these objectives for its corporate business information system, and achieved them continuously under all conditions, would have a world-beating business operation. It would have the capability to manage change and thereby create increased wealth.

The business world is littered with the consequences of a failure to manage business information as a vital resource: computer systems failing to provide what managers thought they were buying; planning systems making forecasts which could not be achieved; failures to diversify, to improve product design to expand exports, to increase the productivity of all resources. The roll call of decline in British industry and

the urgent problems of today, are all evidence of the managerial information gap.

The computer's function is to receive, transfer, manipulate or present information; its extensive and relatively unmanaged use leads to the production of information as a commodity. Hence much of the "information explosion" of the past 20 years, and the provision of excess internal information.

Danger

Yet few computer experts and management training bodies recognise the danger of failing to identify business information requirements. Meanwhile, the sheer volume of the data that is now so easily available blinds managers not only to the frequent imbalance in its sources of origin, but also to the critical issues they must manage.

The current proliferation of microprocessors is exaggerating the production of excess internal information, and increasing the urgency of the problem. But it also offers a relatively cheap and manageable solution. Microprocessors could be managed

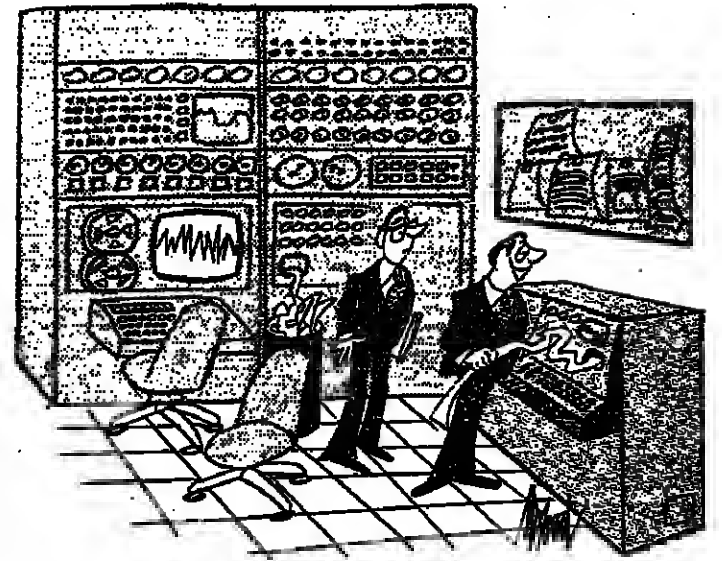
ment's last incentive to come to terms with its need for, and use of, business information.

The solution to these problems lies in a new approach to business information management, one which has already been designed and proven in practice. This merges the experience of managerial users with the skills of computing and information specialists, to create coherent corporate information systems which are relevant to the individual requirements of companies and managers.

The importance of relevant and significant information may not be accepted easily by business managers after a lifetime of working without it. But whatever the habitual British resistance to change, present economic circumstances demand action, and the potential opportunity for altering these conditions surely cannot be ignored.

A business information system built upon clear objectives helps:

- to identify critical issues at all levels of management responsibility



"Then we feed all the data from our other computers into this little machine and it tells us which data is worth the paper it's printed on."

- to eliminate hidden and wasteful costs incurred in handling excess and irrelevant internal information. This can represent as much as 20-40 per cent of trading profit, and in the UK could already amount to £4,000m a year.
- to develop and use human ability to its full potential. Managers must understand that they only manage with in-

formation and through people. There is no other way.

George Bunce is managing director of Strategic Developments, 102 Newgate Street, London EC1A 7AP. 01-600 8244, a consultancy specialising in strategic management and business information. Prior to helping form the company in 1979, he was responsible for business strategy and financial management in the agri-business division of Unilever.

A tender trap in the making

BY A. H. HERMANN



RIGGING an auction by giving or accepting rewards for not bidding is a criminal offence. But its mirror image, the rigging of a tender, is not.

Potential suppliers, who agree between themselves at what price to tender or on whose turn it is to make the lowest offer and get the contract, are of course concluding a restrictive agreement, but they are most unlikely to register it with the Office of Fair Trading, as the Restrictive Trade Practices Act 1976 requires.

If they do not register it, their agreement becomes automatically void, which means that none of the parties can enforce it in court against the other. That will hardly worry them very much as they have every reason to keep their deal secret. Should it come into the open after all, the injured party could bring a civil action for damages, but there are no criminal penalties, except when, as in a recent case, the colluding parties had already been caught once before and ordered by court not to do it again.

Under these circumstances it is hardly surprising that col-

lusive tendering is one of the most frequent anti-competitive arrangements. It hits with equal force government and public procurement agencies and companies with large scale purchasing and investment programmes. Some tenders are conducted so carelessly that instead of encouraging competition between potential suppliers, they tempt them to collude.

The practice can be curbed by a number of anti-collusive safeguards, by regularly updating the lists of firms invited to tender to include new suppliers and by a scrutiny of tenders received which may reveal that the prices were agreed by the parties taking part. It has also been suggested that contractors

should be required to sign a declaration of non-collusion, and that the buyer should reserve the right to abandon the contract if collusion was proved. It might also help if the Office of Fair Trading could impose penalties for failure to register agreements.

However, the Consultative Document on Collusive Tendering published by the Department of Trade on 30 July 1980 concludes that none of this would be enough. It comes down in favour of making collusive tendering a criminal offence, prosecuted by the police, and by an unlimited fine or two years' imprisonment.

At first sight this seems to be the right approach. Collusive tendering is not like a cartel which can operate in the open; there is always an important element of fraud and deception

present. Unlimited fines and two years in prison seem a potentially effective deterrent, but on looking more closely at the problem one realises that quite a lot can be said by a nod and a wink which are difficult to prove in criminal proceedings. Also quite a few of those who are willing to spill the beans when it is only a question of depriving a competitor of contracts would hesitate, and possibly find it distasteful, to have him put in prison.

Canadian experience confirms that once restrictive agreements are made a criminal offence, their prosecution becomes very difficult, particularly in provincial centres where the businessmen involved, the prosecutor, and the judge, all play golf together at weekends.

As well as in Canada, criminal penalties may be applied to collusive tendering in Australia.

West Germany and the U.S., where the insured parties may claim triple damages. Within the EEC, collusive tendering, which could be said to affect trade between member states, would fall under the prohibition in Article 85(1) of the EEC Treaty.

The Nordic countries have fairly strict legislation: in Sweden collusive tendering is one of the two types of restrictive practices always considered incompatible with the public interest — the other is resale price maintenance. Collusive tendering is also prohibited in France generally, and in Ireland in respect of certain trades including building materials.

Austria, Switzerland and The Netherlands have fairly lax rules requiring only registration of tendering documents which can then be declared unlawful either by government departments or by courts.

Of all countries, Belgium seems to be the kindest to tenderers. Tenders made by an association, even if formed only for the particular occasion, are not considered to be collusive. Indeed, any bidder who does not attend a meeting of such an association will be barred from submitting a tender. There is a plethora of cartels of contractors. They have a central organisation, and this receives 5 per cent from the contract price to be divided among the tenderers plus 1.5 per cent for the costs of preliminary studies.

While most collusive agreements go undetected, a few have been uncovered in recent years. In the UK these were in respect of ready-mixed concrete and road surfacing materials, electrical and mechanical services in building projects and telephone cables. The Post Office provided one of the few instances where the

injured party recovered damages: it obtained £9m from the cable makers.

One of the most spectacular investigations into collusive tendering in the past decade took place in Germany. The Federal Cartel Office has been collecting information about tendering practices of the German building industry ever since the Competition Act was passed in 1958. In March 1978 it made a simultaneous dawn raid on the offices of building firms all over Germany and on the basis of the material found, and with the support of statistical and reporting services of their federations, accused some 2,000 companies of having operated a ring to manipulate public tenders.

The building industry federation in Nordrhein-Westfalen did not even deny the existence of restrictive agreements, but defended them as necessary

because of the monopolisation on the part of investors and suppliers. The Federal Cartel Office was not impressed, and in 1975 imposed fines amounting to almost £10m on the building industry firms and on 481 individual managers.

Besides being prohibited under the Competition Act in Germany, collusive tendering may also amount to the criminal offence of fraud if it is possible to prove deception and material damage. Courts do not treat it any more gently than the Cartel Office does. The Bavarian Supreme Court condemned "prior awarding of contracts" by a trade association in the building sector.

In the case of the so-called dustbin conspiracy the Berlin Appeal Court not only dismissed the appeal of the producers of dustbins but increased the fines imposed by the Federal Cartel Office by 50 per cent because of the conspiratorial nature of their tendering in one of the large cities in South Germany.

If the conclusions of the Consultative Document are accepted and serve as a basis of legislation, the German experience may indicate the shape of things to come.

We promised to cut their fuel bills by 50%. It turned out to be nearer 60%.

If our claims seem outrageous we can assure you now that all of them can be verified and we'll be happy to let the facts speak for themselves.

People are delighted to discover that our Beaumont hot water and space heating installations are almost too good to be true.

But it's a fact: Whether you operate a hospital, hotel, industrial process, school, nursing home, or any business that demands reliable supplies of hot water, we can help you reduce those mounting fuel bills immediately.

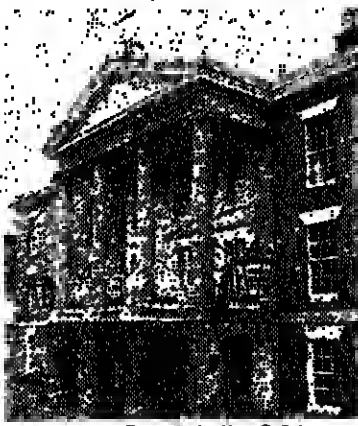
Don't just take our word for it! Trusthouse Forte had us install our Beaumont system in 33 of their hotels, and they've achieved fuel savings of up to 63% in the first year.

Hawtreys School in Wiltshire has achieved a saving of nearly £1,000 on their fuel bill in the first 4 months of 1980.

Another Beaumont installation, for R.M.C. (South Coast) Ltd, permitted economic output and delivery of ready-mixed concrete in freezing weather.

And we have an impressive number of other success stories, all involving substantial savings. A Beaumont system quickly pays for itself, in many cases in 18 months or less, cuts maintenance costs, takes up less space than a conventional system. (Another hotel customer was able to install extra revenue-earning rooms in the space we saved).

The unique direct fired Beaumont water heater is at the heart of our highly efficient system. Remember, year round demand for hot water can account for over half of most total fuel costs, so this is where high efficiency is vital.



Trusthouse Forte, White Hart, Salisbury.

To find out how you can achieve reduced fuel consumption and lower overheads, use the coupon or phone Tony Penman on (0794) 516800.



Hawtreys School, Wiltshire.

Beaumont. The way to cut fuel bills.

To Beaumont (UK) Ltd, Greatbridge Road, Romsey, Hants. SO5 0HR. Please send me further details of your cost-saving system, without obligation.

Name _____
Position _____
Company _____
Address _____

Tel _____ FT1

1st. CLASS ECONOMY.

The Piper Cheyenne I pressurised Turbo-Prop: currently the most cost-effective aircraft of its class

Cut travel costs and waste less time at airports. A company owned or leased Piper Cheyenne can dramatically reduce time between meetings, avoid many overnight stops and operate at your convenience, besides offering certain direct financial benefits. CSE will be pleased to discuss operating economics and leasing, and offer you a demonstration.

For full details, contact the General Manager, Peter Forbes.



Cheyenne I: 7-seat executive interior * pressurised comfort to 29,000 feet * 290 miles per hour * 1380 n.m. range (Southern Italy non-stop) * economical operation * small local airfield capability. STOP PRESS: The 11-seat Cheyenne III will be here next year.

CSE Aviation Limited, Airways House, London-Stansted Airport, Stansted, Essex CM24 8QW, England. Telephone: Bishops Cleeve (0279) 815632. Telex: 817940.

CORPORATE AIRCRAFT CENTER

THE ARTS

Television

Beating about the box by CHRIS DUNKLEY

Broadcasting in a Free Society by Lord Windlesham. Basil Blackwell, £7.95.

Four Arguments for the Elimination of Television by Jerry Mander. Harvester Wheatsheaf, £12.50.

More Bad News by Glasgow University Media Group. Routledge and Kegan Paul, £17.50.

For anyone who tries to keep up with books about radio and television, *Broadcasting in a Free Society* will seem like a strong whiff of oxygen in a smoke-filled room. Among the ever thickening concentrations of hostile writing from left-wing sociologists, remote academics, and plain loonies, this book stands out simply for having been written by a sensible person who has extensive profes-

sional experience in television, approves of television broadly speaking, and is able to see that it has had various beneficial effects already and is capable of more. It is particularly good on the prospects for domestic satellite broadcasting. Moreover there was a compact general primer for anyone interested in the history, expansion, administrative structure, and constitutional aspects of British broadcasting.

However, just as the prejudices of the jealous and mean spirited sociologists seep off the pages of their work, so this book is powerfully affected by the experience and the outlook of Lord Windlesham, managing director of ATV, who has worked in commercial television since 1957 and served in Edward Heath's government from 1970 to 1974. Thus at the beginning of the book he states proudly

that "... from the early years of pre-war broadcasting in Britain freedom of the press came to include freedom of broadcasting... broadcasters enjoyed the same freedom as print journalists to report and comment on the events, issues and controversies of the day." Not only is this clearly untrue (imagine the BBC Home Service broadcasting daily comments like those of a Daily Worker leader column on the Churchill government!) but Windlesham himself then goes into an unusually acerbic manner in which broadcasters are, by unwritten agreement, answerable to Parliament without being directly subject to central government. Newspapers, by contrast, can be launched and operated by anyone simply under the law of the land, their battle for freedom having been fought and won in earlier centuries.

Sometimes the very pride and affection for his own business which makes Windlesham's work such a change from the general run of broadcasting books goes too far, carrying him close to benign myopia, at least where commercial broadcasting is concerned. A foreigner reading his description of British commercial radio, for example, might imagine that our commercial stations operated mainly as agents of mercy, broadcasting nothing but community service programmes. Anyone who has actually listened knows that whatever brief glories they may have achieved in the great 1978 snow storms—most of them broadcast pop music and pretty mindless chat most of the time.

The same sort of Nelson's-eye approach is found in his reiteration of the familiar ITV party-line on duplication of sports programmes. Windlesham represents commercial television as being motivated simply by the viewers' interests in its attempts to force the BBC to alternate exclusive sports coverage, and he writes approvingly of "power providing a leverage where reason and persuasion failed." A non-aligned writer, noting the way that the BBC has consistently retained the larger audience whenever ITV has started to duplicate, would see ITV's famous "exclusive" soccer contract (which upped the price for all broadcasters several hundred per cent) not

as "leverage" but as the spiteful response of a rich bully boy resorting to his only weapon: money.

The book contains some startling selections, the increasingly common "it's for you" the vague word "simplicity" twice where "simple" would be better, "effects" and "affecting" for "affects" and "affecting", and so on. Yet its language is neither as trendy nor as opaque as that of two other broadcasting books published recently.

Four Arguments for the Elimination of Television, by Jerry Mander (his real name) is yet another of those books full of wild-eyed theories which come winging out of California with such regularity these days. It is a pity it is quite so hysterically intent upon finding fault with every single aspect of TV, starting with the very light that it emanates, because a few of Mander's beliefs (that television generally prefers death over life, for example) are worth consideration. Yet they are lost amid the welter of overstatement.

His central demand is, anyway, nothing more than the cry of the half-educated obscurantist down the ages: "Suppress this form of communication; it will ruin the minds of the common people!" It is the monk opposing mass-produced books all over again. Though Mander claims television is so powerful that we are no longer even in control of our own minds, this applies only to us, it seems, and not to him. Like the puritans who are never corrupted by all the corrupting filth that they so selflessly monitor on our behalf, so Mander—uniquely—is able to withstand television's malign influences, see through them all, and write his Cassandra-style warnings.

The words he uses to write them are horrible: experimental, non-mediated, environmental, technoscientism, rhythmicity, commoditization, and of course simplification. One of the best things about *More Bad News* by the Glasgow University Media Group is that although it is thick with jargon a lot of it is quite easily comprehensible to the layman, unlike so much of the "research" now being published by so many "media groups." It is the Glasgow group's second volume, the first having been called *Just Bad News*, and the new book sets out once again

to show that television news "is not a neutral phenomenon: it is rather the manufactured production of ideology" and of course, once again, it succeeds. "Of course" because anyone with an ounce of common sense can see that while the number of television services within a democracy is severely limited, the news programmes will reflect and even support the assumptions of those preserving the status quo. This is neither surprising nor wicked. The wickedness would be in a news programme that did anything else—attempted to alter the status quo—within a democracy.

The minutely detailed research in the book goes to hilarious lengths to prove that some people are treated differently from others on the news; they actually note the height at which the camera cuts across the breast pockets. But what really riles the authors is the existence in Britain of the broad consensus which allows and encourages the news services to continue basing their attitudes on general assumptions, such as the feeling (widespread even among trades unionists) that the unions more often disrupt people's lives than help them. It is the existence of that very consensus which has had so much to do with preserving Britain over the centuries from the kind of revolution that the authors of this book would no doubt welcome.

Their sheer naivety is as wonderful as it always was. It is illustrated clearly near the end of the book where they write sorrowfully and wonderingly about the hostile reactions to their previous work, observing: "It is in fact the case that (seven typically useless words) 'even more than with most professional groups coming under the scrutiny of academics, broadcasters have not hitherto in any way welcomed such attention.' The obvious point is that they characteristically miss it: that other professional groups—doctors, businessmen, whoevers—despite the fact that 'academic research' just as infuriating as journalists do, but unlike journalists those groups lack the opportunity and immediately available communications media to publicise the shortcomings of the 'researchers' and their work."

Yet assuming that we all continue to fudged them through the public purse, there seems no reason why the Glasgow Eight should ever stop producing more and more bad news.

Deutsche Oper Berlin

The Sinking of the Titanic

After 14 performances since its premiere last September at the Deutsche Oper Berlin, Wilhelm Dieter Siebert's "musical joke" of an opera, *The Sinking of the Titanic*, is crossing the Atlantic in an English version to participate in the sister-city celebration of Los Angeles' 200th anniversary of its founding. Little doubt, it will make its mark there as it has in Berlin, despite some spoken reservations about entertaining an elitist public with a spectacle depicting one of the greatest disasters in shipping history. This "show" or "musical happening" or "Mitspieloper" is about as scandalous as Gericault's pictorial "J'accuse": *Raft of the Medusa*.

And entertaining it is, from start to finish. The structure, particularly the foyer, of the Berlin Opera resembles a seafaring luxury liner: thus, the concept of a total stage-set both inspired and set the limits of Siebert's commissioned work. Since the stage-proper is cancelled out entirely, *The Sinking of the Titanic* takes place as a late-show after the patrons for the classics have already departed for home. The performance starts around 10.00 pm and finishes at about midnight, covering the approximate two hours of the tragedy that cost the lives of 1,500 people. We, the audience or participants, are those passengers.

Operagoers who arrive via the adjacent underground run smack into Third Class passengers crowding the steps leading to the facade of the building, where a brass band is playing traditional farewell music for departing ships, more ensemble passengers are dancing and singing jubilantly (*Hoppsassa, wir fahren nach Amerika*), and the soloists are on the platform christening the unsinkable Titanic. The principals are Sir Bruce Ismay, President of the White Star Line; Edward J. Smith, Captain of the Titanic; Colonel John Jacob Astor and Lady Astor; Mr. and Mrs. Isidor Strauss (he owned the department store Macy's); Mr. Benjamin Guggenheim; Mrs. Molly, a social-climber; and an Evening Herald reporter out to pick a few bones for his New York paper.

As soon as the passengers cross the plank and mount to the foyer of the opera-house, to be seated before the first-class deck with its dance orchestra, it is clear that the drama of the Titanic has begun: the social status already plays a role in



Scene from 'The Sinking of the Titanic'

determining who is to put a foot on the first-class deck. The staging (Martin Rupprecht) fits this neozeanine section of the foyer to a tee under Winfried Bauerfeld's direction: before the audience are the luxury-deck-chairs occupied by the rich, and behind the deck is the orchestra (under Casper Richter's direction) outfitted as the ship's dance-band.

Siebert, a Berlin composer and co-founder of the New Music Group, could not fulfil all his wishes for an "audience participation opera," but he achieved his aims of musical social-criticism by mixing folk songs with melodrama, operatic passages with the evil vulgarities of the capitalist world. Crazy Molly's servant sings Negro spirituals; Guggenheim comments that he hopes he never has to hear the ship's hand perform an opera; strains from Wagner's *Flying Dutchman* accompany a scene on the bridge; and a sextet for million-

RONALD HOLLOWAY

Theatr Clwyd, Mold

Galileo by MICHAEL COVENEY

While Howard Brenton's version of Brecht's magnificent play continues in repertory at the National, George Roman has reverted to the Desmond Vesey 1960 translation for his Mold production which, at the end of the month, goes on tour to Milford Haven, Cardiff, and Aberystwyth. This is an effective rendering: rather than an inspired one and, in my book, any new production is liable to suffer by comparison with John Dexter's at the Olivier. The clarity with which Dexter has laid out the play, the simplicity of his organisation of the scene headings and songs: these virtues are more apparent when confronted with Mr. Roman's dead patches between scenes and his dithering use of the ballad singer as narrator. But there is no dithering in Robert Blythe's central performance, which compensates in enthusiasm for what it lacks in weight. Mr. Blythe is not a big man, but he conveys that voracity in life and work essential to Brecht's portrayal. And the attentive Mold audience was obviously shocked on Monday

night by the recantation scene and its sequel. Unlike Michael Gambon at the National, Mr. Blythe leaves absolutely no room for the suspicion that the recantation is a forgivable symptom of human fallibility. The performance may be less richly ambiguous as a result, but it certainly packs a hard punch.

The Vesey translation is more stilted than Brenton's, less aggressively idiomatic, but still speakable. I was interested to hear the Pope refer to Galileo as one who could resist neither an old wine nor a new idea. Brenton's wines and ideas are both new. The "narcotic" haze of the last speech sounds more appropriate than Brenton's "narcotic" one. I prefer, however, Brenton's "proof" stone to Vesey's "touch" stone. And, over all, the National version is an improvement in highlighting the play's central discussion of Galileo's genius, both scientific and pragmatic, being rooted in his social existence. As soon as Galileo betrays the lens grinders, pupils and other

artisans by renouncing his own discoveries, he is doomed.

Of course, there is the smuggling out in the last scene of the *Discorsi*, but Mr. Blythe ultimately emphasises, in his sallow complexion and crumpled posture, that science is now in the hands of the politicians, not of the people. Mr. Roman unfairly denies Brecht his "glimmer of hope" message by cutting the last scene, in which Andrea is actually seen going over the Italian border with the *Discorsi* under his coat. Although it is an intellectual rather than a theatrical point, Walter Benjamin was surely right in asserting that the populace, not Galileo, is the play's true hero. That last scene is as crucial to the rhythm of a brilliantly constructed artifice as are the plague and marketplace scenes.

For some obscure reason, the Pope is allowed to jabber on in Latin throughout the robbing scene. Although the inquisitor's arguments as to why Galileo should be stopped are here delivered with subtle passion, no

producer is likely to equal the brutal splendour of Mr. Dexter's staging, with its symmetrical choreography of altar boys, thuribles and exotic vestments. But Mr. Roman and his company have done well by the ballad singer's interlude with the aid of a few sprightly props and a spirited enunciation of the song. Less successful is the key interview with the Little Monk whose defiant speech on behalf of working-class superstition Simon Callow invests with such persuasive dignity at the National.

The functional designs are by Sean Cavanagh, the evocative lighting by Pat Nelder. Apart from Mr. Blythe, others making a good impression include Christopher Northey as a forceful Pope, Tim Healey as an unforgivable Federzoni and Liz Bagley as an effervescent and finally vengeful Virginia. In one area where Mr. Roman scores over Mr. Dexter, Galileo's daughter undergoes a frightening transformation and adopts the pious role of guardian to her own father with the grim fervour of a disappointed nun.

Proms

BBC Singers/Abbado and Accardo

Monday's second Prom was given in Holy Trinity, Brompton, late in the evening, by the BBC Singers under John Poole, joined for one of the two works by the Choralists of Westminster Cathedral. I listened to the broadcast, Frank Martin and Britten were the composers, each represented by a major work for unaccompanied chorus. Martin's Mass for double choir, written in the twenties before he began to explore the methods of Schoenberg, was withheld by the composer until 1963. He regarded it, apparently, as a personal avowal, "something between God and me."

The music has indeed an urgent, almost confessional quality unlike Martin's usual emotional restraint (a restraint implying deep feelings under strict control). An obvious comparison is the G minor Mass of Vaughan Williams written about the same time, another strong work using deliberately archaic language but more impersonal, more closely adapted to liturgical needs—yet the very Martin telescopes "the return of Hosanna" at the end of the Sanctus is an ingenious solution of a problem that sometimes led classical composers into mechanical repetition. The "et resurrexit" in the Credo remarkably suggests light in both the nominal and adjectival senses.

Britten's choral variations A Boy was born came about ten years later than Martin's Mass, when Britten was 19. The text is an anthology of carols, mostly late Medieval. Abounding invention, not always tempered (why should it be) by mature discretion. Some variations go on too long, but seem to do so of their own volition. Many hints of what was to come—the use of contrasting timbres (boys' voices against the rest), the brilliant knack of vocal scherzo writing, the use of overlapping arpeggio figures. Both works were expertly and lovingly sung. In their recent and present form the BBC Singers' concerts are as distinctive as they are valuable.

RONALD CRICHTON

Before Monday's double Prom moved south to Holy Trinity Church, the London Symphony Orchestra under Abbado gave a concert of Debussy, Stravinsky and Chalkovsky, short but pungent, and splendidly played.

At the centre of the Albert Hall programme was Stravinsky's violin concerto. Salvatore Accardo, familiar platform companion of Abbado, was the soloist: wonderfully incisive and stylish in the outer movements (the finale a tour de force of exquisite spiccato and martellato), drier in the two inner Arias — mostly unindulgent (usually a matter of a few microseconds of rubato) of the dozens of tiny, but powerful, romantic inflections in his part. The violin concerto is the most eminently approachable Stravinsky: a warmer heart in the

performance, and slightly closer focus, could have made those who had only come to hear Chalkovsky less restless.

Enclosing the concerto were Debussy's *Nocturnes* — rich, solemn — "Nuages", glittering "Fêtes", silky "Sirènes"—and Chalkovsky's Fourth. Abbado caught, with precision as well as muscle, the angst of the symphony's slow-uncolling waltz, its majestic apotheosis, and its dying away; and the quiet melancholy, flooded with grandeur, of the canzona. The pizzicato was deftly poised and launched directly into the finale (most conductors pause, but *attacca* makes far better dramatic sense). Before the last chord had died away, a roar of approval: The Albert Hall, after the empty spaces of recent weeks, was hearteningly full.

DOMINIC GILL

Arts news in brief

The National Gallery has instituted a new guided tour system. For many years it has presented art lectures at 1.00 pm every day which are often illustrated by slides and frequently follow a particular art historical theme. These will continue as usual.

Now the Gallery is giving guided tours of the collection as well as the lunchtime talks.

Each day, from Monday to Friday, the tour starts at 11.30 am. Those wishing to take part meet outside the Gallery's board room from where a lecturer will conduct an hour-long tour through the rooms of the Gallery.

The tours will be in English, and as with all National Gallery events, there will be no charge.

Max Bygraves and American dancer-singer Chita Rivera are to star in the same show at the London Palladium for a week commencing October 6.

Chita Rivera, star of *West Side Story*, will occupy the first half of the evening. Max Bygraves leaves immediately after his bill-topping week for engagements in Canada.

THE FINANCIAL TIMES BUSINESS PUBLISHING LTD

Banking Structures and Sources of Finance in the European Community

Since banks operate in the market place they are necessarily responsive to social, economic and legal change. These changes are constantly occurring in each E.E.C. country in response to national progress and the need for more integration between the countries.

This fully revised edition incorporates the latest developments within each country, including the different national moves towards a common market in banking services.

For bankers and financiers outside the Community the book will be mandatory. It provides clear portraits of the financial environments within which domestic and foreign banks operate in the E.E.C. countries. The different European banking systems, practices, customs and regulations in each country are explained with both an overall clarity and relevant detail.

The experienced European banker and financier who needs to keep abreast of changes in each national banking system will find it essential. It provides in-depth information on these systems and how they work, how the banking sector is supervised and regulated in each country, and how banks operate within the various markets. Each country chapter also details the operation and supervision of foreign banks, including the laws governing the establishing of new financial businesses, taxation and exchange control. A list of banking institutions and their head office addresses is also given at the end of each chapter.

For the first time, this study includes additional chapters on Greece, as a result of its pending membership of the E.E.C. in January 1981, and the European Monetary System. Each chapter has been written by banking experts well-known in their own areas.

ORDER FORM

Please note payment must accompany order. Prices include postage and packing.

To: Book Sales Dept., Financial Times Business Publishing Ltd., Minster House, Arthur Street, London EC4R 9AX.
Tel: 01-623 1211. Telex: 8614734 BUSPUB G.

Please send me copy/copies of BANKING STRUCTURES AND SOURCES OF FINANCE IN THE EUROPEAN COMMUNITY. Price: £48 UK only. U.S.\$135 overseas.

I enclose cheques value U.S.\$/£ made payable to: FT Business Publishing (BPB) or debit my credit card.

Tick choice: Barclaycard ☐ American Express ☐

Card No.

Mr./Mrs./Miss Position
(BLOCK CAPITALS)

Company Nature of Business

Address

Country

Telephone No. Telex No.

Signed Date

The Financial Times Business Publishing Ltd., registered in England No. 980896. Registered Office: Bracken House, 10 Cannon Street, London EC4A 3BF. Bank Account: Midland Bank Ltd., 5 Threadneedle Street, London EC2R 8BD. Account Number: 50957615.

Refunds are accepted on books returned in perfect condition and within 7 days of receipt.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

Telegrams: Finantime, London FSA. Telex: 8354871

Telephone: 01-248 5000

Wednesday September 10 1980

Declaring a victory

IF GOVERNMENT policies are to be judged solely by their initial reception in the financial markets, then yesterday's announcement of a new issue of Treasury bonds, coupled with the Treasury's official commentary on yet another awful set of banking figures, must count as a triumph. At one bound, the gilt market recovered much of the remaining ground lost after the sorry figures for July were published, and equities reached a new high for the year. The market was waiting for some form of reassurance — almost any form — and made the most of it.

The Government's determination to limit the damage being done to industry by high interest rates and a high exchange rate is now beyond question. Its reaffirmed commitment to monetary targets is not quite so unequivocal. The Treasury has confirmed what everybody knew — that the recent history of monetary growth is a mystery wrapped in an enigma.

Target rate

There is now an official guess about the underlying rate of monetary growth in the last two months, which makes it clear beyond doubt that monetary growth has been far above the target rate in the six months since the targets were set in February. The Treasury argues, pretty convincingly, that the forces making for monetary growth will abate rapidly in the second half of the target year, but this is not at all the same thing as saying that the figures will be all right on the night. It seems likely that they will still show a large excess.

However, there is an escape clause. The Government reaffirms its commitment to monetary policy "as set out in the Budget Speech", and in that speech the Chancellor made it clear that he might have to make a pragmatic judgment about any distortions which might appear after the abolition of the banking control. It is now known that these distortions were far larger than any of those responsible for monetary management imagined. Any unfortunate overshoot can therefore be attributed to "events which occurred before February".

Committed monetarists will no doubt be deeply unhappy over this suspicion of fudging the figures — and it must be stressed that the suspicion itself may be unjust, for nobody will

ever know for certain when the excessive growth took place. However, fudge can be an acceptable flavour for improved policies.

The first sign of policy improvement is the issue of a new indexed savings certificate for the over-60s, which is expected to bring in £1.5 billion during the financial year. The response of the gilt market to this relief from the funding in prospect shows that this is a significant step, and the complaints of the building societies confirm it. This is certainly not an answer to any long-term problem, since after the initial take-up, the flow of finance to be raised in this way will shrink to insignificance. However, as a tactical admission by the authorities that conventional gilt-market funding is not a self-sufficient monetary policy, it is vitally important.

As we have repeatedly argued excessive calls on the capital markets can be a very damaging substitute for an adequate fiscal squeeze: the course of the economy in the last two and a half years, with consumer incomes growing rapidly while production stagnated, was the result of unbalanced policies.

Turning point

What has become clear recently is that when monetary growth is driven by persistent distress borrowing by industry, gilt sales do not work even as a monetary offset; they simply cause a liquidity squeeze which has to be countered by persistent official action. Monetary growth will be checked only when industry achieves direct access to the large surplus funds held by the personal sector, either by selling off its stocks of goods, or through the capital markets.

Those who want to know if the celebrations in Throgmorton Street yesterday were justified should watch not the monetary figures, which will continue distorted, but the Government's own financial performance, measured roughly through the PSBR. Our forecast to grow only slowly — and its policies, if this is the first step in a measured reform of our instruments of monetary control, and the prelude to a better-balanced fiscal policy, then yesterday indeed marked a turning point. If not, lower interest rates may yet be bought at a high long-term cost.

The road from Helsinki

THE STRIKERS in Poland extracted a promise from their rulers that the Final Act of the Helsinki Conference on Security and Co-operation in Europe (CSCE) would be re-published in the Press. That is proof enough that, to millions in eastern Europe, the document holds the promise of lessened oppression — however ambiguous or even tedious westerners may believe it to be.

True, the hope has often been belied and only intermittently fulfilled. But as representatives of the European powers, East, West, neutral, and non-aligned — and those of the U.S. and Canada meeting in Madrid prepare to review what has been achieved since Helsinki and what should be done next, the verdict must be that the Final Act has proved more than a wordy scrap of paper. It has given the West the right to attack the Communist record on human rights, and a forum in which to do so.

Against sin

Helsinki was intended to produce a statement of the principles of conduct that the signatories would adopt towards each other and towards their own citizens. It did, and much of the Final Act therefore exhausts itself in taking firm stands against sin.

The original initiative came from Moscow. The Kremlin wanted a final acceptance of the East-West border in Germany. In a way it was surrogate for a peace treaty. Moscow was prepared to pay a price, including at least a gesture towards human rights in its own domain.

By agreeing to admit the U.S. to the CSCE and the follow-up meetings at Belgrade in 1975 and now Madrid, Moscow conceded that the ultimate protector of western Europe partakes in European affairs as of right.

To overcome Bonn's reluctance to bury all hope of a peaceful reunification of Germany, Moscow settled for the invariability of borders. Borders, that implies, may be altered by consent. But the ambiguities of the Final Act are well illustrated by the subsequent pas-

sage in which the signatories agree to "refrain from any demand for, or act of, seizure and usurpation of part or all of the territory of any participating State".

For that, Mr. Brezhnev was prepared to sign a document in which he undertook to "respect human rights and fundamental freedoms, including the freedom of thought, conscience, religion or belief". Of course, the Soviet Union has not lived up to that. But before dismissing the commitment as mere hypocrisy, it is as well to recall that the Poles thought it worth rubbing under the noses of their masters.

In the initial period after Helsinki in 1975 dissidents in eastern Europe set up monitoring groups to confront the Communist regimes with their commitment to the Final Act. As détente has faltered, and especially after the invasion of Afghanistan, these groups were largely broken up. Some members were imprisoned; some, like Mr. Andrei Sakharov, the physicist, were banished to out-of-the-way places; others were allowed to emigrate, often as the alternative to detention. By the standards of the past that almost is moderation: the Soviet Union has become sensitive to world opinion. The Final Act underlines that.

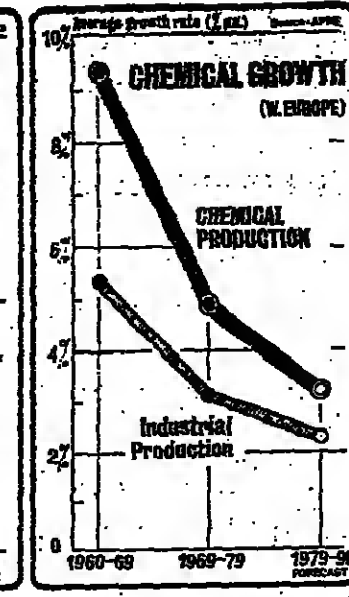
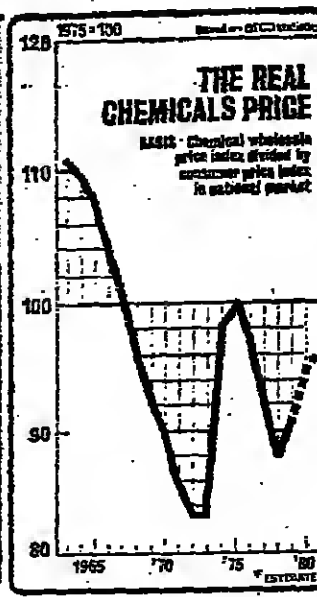
Child of detente

The West therefore can and will put Moscow in the dock. In turn it will have to hear the counter-attack that is sure to come once Madrid gets down to discussions of substance just as it did in Belgrade. The subjects can be guessed: the failure to protect the right to work by permitting high unemployment; British conduct in Northern Ireland; and so on.

In assessing Helsinki it is necessary to recall that the Final Act was a child of détente. Its efficacy as an instrument of pressure upon Moscow varies with the value Moscow attaches to détente: at present that value seems to be low. That is no reason for letting the Kremlin escape the moral pressures it is sure to come under at Madrid. The same reasoning speaks for a continuation of the review process in years to come.

The plastics industry has been hard hit by low profits and falling demand. Sue Cameron reports

Europe's plastics-makers see an end to the gloom



Bob Hutchinson

EUROPE'S plastics producers have shown themselves to be somewhat poor scholars. Today they are paying for their inattention to the harsh lessons of 1974 with a sound beating in the market-place.

Six years ago plastics prices soared in the wake of the 1973 oil crisis and then plummeted as fears of crude shortages were calmed and buyers realised that they were overstocked. Now that pattern is being repeated with a vengeance. The Iranian revolution and the turmoil in the world's oil markets that followed last year gave European plastics producers the chance to push up prices and improve their hopelessly inadequate margins. They seized the opportunity with both hands.

The disasters of 1974 and 1975 had at least taught them that the upturn could not be expected to last. They knew demand would start to fall away sometime in 1980. They were prepared for their orders to drop by 10 per cent or even 15 per cent in volume as their customers began to destock. This time they thought they were ready for it.

But they were wrong. Demand did not drop 10 per cent or even 15 per cent. At the end of March this year, almost overnight, it crashed by between 25 per cent and 30 per cent — sometimes more. Even the most disciplined companies were forced to join the rush to cut prices in a vain attempt to maintain volume sales.

The collapse of the market appears to be continuing apace. If 1974 was a rough year then 1980 seems set to become almost unimaginable catastrophe if the six months to September are anything to judge by. Almost — but not totally so.

In spite of the current chaos, some leading European plastics producers believe they can see light at the end of the tunnel and one or two are even beginning to think about price increases. They claim that the outlook for the industry in the longer term is a bright one.

The Shell group of international chemical companies agrees that at present the market for plastics in Europe is "very tough". It says that in the second half of this year, sales volumes and prices have "gone down tremendously" with PVC and polypropylene suffering in particular.

But in the longer term, Shell, along with Imperial Chemical Industries, believes there will be opportunities for innovation in plastics materials and for further substitution of traditional materials such as metal, wood and glass by polymers. The group expects the European plastic market to grow by an average of 3.7 per cent a year. But many industries reckon there is particularly good scope for the greater use of plastics in the automotive and packaging industries.

Mr. Tom Hutchinson, president of the Association of Plastics Manufacturers in Europe (APME) and chairman of UK-based ICI's plastics

division, says the industry is not finding it easy to adjust to lower growth rates. But he asserts that it will eventually do so and he believes it is learning greater self-control in the process.

Mr. Hutchinson maintains that another hopeful sign is the way plastics producers have cut back on their investments in new plants. Once the crisis of 1974 to 1975 was over and prices and demand started rising again, a number of major manufacturers settled back with a sigh of relief and started building. The result, when the new plants started coming on stream in 1977-78, was severe overcapacity that effectively prevented the industry from obtaining adequate profit margins during the late 1970s.

In the last 18 months, however, there have been no announcements of major new plastic construction projects in Western Europe. In this respect at least, the industry seems to have avoided the mistakes of six years ago.

Optimism on destocking

The worst of the destocking by customers now seems to be almost over — although it may last for another month or so on the Continent. In the meantime most European plastics producers are still busily engaged in what Mr. Hutchinson terms "falling off the cliff" in terms of prices and reduced demand.

He adds grimly that the continuing pain is "great". There are five major plastics materials: polystyrene, polypropylene, polyvinyl chloride (PVC), plus high and low density polyethylene — HDPE and LDPE. Some have been harder hit than others by the present dramatic downturn in the market, partly because their end uses vary.

Estimates based on current plastics pricing and demand levels suggest that the European bulk polymer industry as a whole stands to lose at least £200m this year — and possibly

twice that sum. Prices in August were around 15 per cent to 20 per cent lower than at the end of last year and in some cases they have fallen by nearer 30 per cent in the past nine months.

The downturn in the plastics market is starting to show itself in reduced profits. BASF, one of the three major German-based chemical groups, reported an appreciable 5.5 per cent decline in its pre-tax profits for the second quarter of 1980. BASF reported that stiff international competition was holding product prices down, particularly in such areas as basic petrochemicals and plastics.

Some European chemical companies are apparently beginning to think that it is not worth waiting for an improvement in plastics trading conditions. In July French-based Rhône-Poulenc sold its plastics and chlorine business to the state-controlled Elf Aquitaine. Rhône-Poulenc is to concentrate instead on more specialised chemical sectors such as agrochemicals and pharmaceuticals.

Earlier in the summer another French-based chemical group, C&F Chimie, reported a drop in plastics demand of 20 to 25 per cent. It expressed the hope that the fall in demand — and in prices — would be short lived but warned that it would not really be able to size up the extent of the damage being done until the onset of the fourth quarter.

In Britain, companies such as Shell Chemicals UK and BP Chemicals believe they may be suffering even more than their Continental competitors because of high interest rates and the strength of sterling. Their cheap exports of styrene and vinyl acetate — used respectively to make polystyrene and PVC. But the Commission has shown itself to be slow and sometimes downright unwilling to make much shift to aid Europe's chemical industry in the face of U.S. competition, however unfair.

There is little real chance of the attack from the U.S. being called off until the American economy begins to pick up.

Europe varies from one material to another but in all cases it is lower than its optimum. Utilisation of polystyrene capacity is probably below 70 per cent on average while the figure for LDPE is likely to be nearer 50 per cent.

Meanwhile a bad situation is being made worse by the growth of cheap plastics imports to Europe from the U.S. The figures are frightening. Assuming there is no major change in the picture built up during the first six months of this year, U.S. exports to Western Europe of LDPE will have increased by a staggering 259 per cent during the course of 1980. Imports from the U.S. of HDPE will have gone up by 35 per cent, those of polystyrene by 155 per cent, PVC by 175 per cent and polystyrene by 56 per cent.

The huge percentage increases represent comparatively small tonnages and U.S. producers still have only a small share of the European Economic Community market — perhaps 3.5 per cent in the case of LDPE, for example. But as producers on this side of the Atlantic are quick to stress, the U.S. material is coming in at very low prices. An important factor in American plastics price cutting is the "unfair" cost advantage U.S. companies enjoy as a result of their Government holding down oil and gas feedstock prices to below world levels.

The Association of Plastics Manufacturers in Europe is girding up itself to tackle the European Commission on the question of action against cut-price polymer imports from the U.S. Europe — has already launched anti-dumping investigations against the U.S. about cheap exports of styrene and vinyl acetate — used respectively to make polystyrene and PVC. But the Commission has shown itself to be slow and sometimes downright unwilling to make much shift to aid Europe's chemical industry in the face of U.S. competition, however unfair.

There is little real chance of the attack from the U.S. being called off until the American economy begins to pick up.

But the recession that is encouraging U.S. plastics producers to look to overseas markets is not over yet; and European manufacturers are still poring over their books and their calculators, desperately totting up the percentage price rises they will require before they can hope to become profitable again.

The industry feels that today's plastics prices need to be increased by between 20 per cent and 40 per cent to give producers reasonable profit margins. The required percentage rise varies from one polymer to another — LDPE profits could start to look healthy if prices went up by 20 per cent but PVC manufacturers say their prices will have to increase by at least 30 per cent and probably nearer 40 per cent before they can secure adequate returns.

Why has the European plastics industry allowed its prices and its affairs generally to fall into their present parlous state — particularly when it knew that it would have to cope with a substantial slackening of demand during 1980? Experts say that what the major companies should have done at the end of March when the slump came was to cut back production and reduce their own stocks instead of chasing non-existent volume sales by slashing prices.

The suddenness and the size of the drop in demand seems to have taken them all by surprise and this appears to be the main reason why they did not follow the sensible course. Once the rot set in producers could not afford to stand aloof and watch their customers go over to competitors for the sake of a better deal.

It is thought that none of the big manufacturers has gained or lost substantial market share during the six-month price war — they have merely lost money.

Another factor is that many producers were uncertain as to how far their customers had built up stocks during last year and the first three months of this year. By the same token, they were unsure about the

degree of destocking that was to be expected. In the event, there were too many optimists who decided that the destocking process would be comparatively short-lived rather than lasting six months or more.

"We did not move quickly enough," says Mr. Hutchinson, speaking of the European industry. "But there is evidence that people are closing off production units where this can be done. Some of them are using the present situation as an opportunity to purify their business to an extent. What is more, the industry cannot sustain its present rate of losses — the need to start putting prices up again is clear to everyone."

The industry has mobilised some plants and reduced output at others and some older and less efficient units are being shut down permanently. In Britain, for example, ICI is closing two of its PVC plants and BP Chemicals is to shut a PVC plant in South Wales. Such moves should help the industry to adjust to the kind of growth rates being predicted for the 1980s.

In the same week that BP Chemicals announced the closure of its Baglan Bay plastics plant, the first sign of a new price rise initiative emerged. The U.S.-based Dow Chemical, removed for its aggressive marketing policies, put up its polystyrene prices by between 5 per cent and 10 per cent, depending on the grade.

Raw material price drop

During the last quarter of the year the price of naphtha — the main raw material for the European plastics industry — is expected to drop again after falling substantially at the end of June. Last Christmas naphtha prices on the Rotterdam spot market reached the unprecedented heights of \$400 a tonne. Now they are down to \$360 a tonne and the contract price is following them as they fall.

The plastics industry still has a long way to travel before it can put out the flags and throw itself a party. Polymer deliveries in Western Europe are not forecast to reach the levels of last year until 1982.

But there are signs that the industry has "tried" harder in 1980 than it did in 1974/75 and the future augurs well. APME predicts that over the next 10 years there will be an underlying growth of two per cent a year in the polystyrene market, of three per cent to four per cent in PVC, LDPE and HDPE and of as much as ten per cent to 12 per cent in polypropylene.

The picture is black enough in the immediate future — but in the longer term, European plastics producers would seem to have good reason for expecting that they may pick up some prizes.

MEN AND MATTERS

Software shuffles

Outwardly calm, but seething inwardly, Alex d'Agapeyeff is in two minds about the implications of the moves by the National Enterprise Board to sell its holding in two members of the quarrelsome INSAC computer software consortium.

Chairman of CAP-PPP, one of the members not in the sale, he says there was never any secret over the disenchantment of the two companies involved, Systems Programmers and Systems Designers. "I am not sure it alters anything, but whether it means the loss of INSAC is up to the NEB."

But he quickly opens up in more aggressive tones. The consortium never achieved what it set out to do, he charges. "It got diverted... and there is now probably less chance that it will do what was intended."

"I would say that, unintentionally, successive Governments have screwed up British software. And if it were to wash its hands of INSAC, that would complete the process. It would be ironic if it were to happen just at the time when the Japanese Government and their major electronics companies are giving all priority to software."

And while acknowledging the assistance his company has had, notably in selling into the U.S., d'Agapeyeff was worried even there how long the effort would be sustained.

Over at Systime, chairman John Parkinson is still keeping his eye on the original aims of INSAC — to develop, refine and market the cream of British computer software. He attributes some of the troubles to the competitive interests involved. "Some people who could have contributed to a constructive long-term view have over-looked the long-term benefits in favour of the short term," he explains. "It is possible we may have lost a remarkable opportunity."

log and political manoeuvres. Parkinson still sees hope. "If I were in charge I would beef up the marketing staff and do some funding for companies whether they were members of the consortium or not. In some form or another I would expect INSAC's marketing to be carried on."

Mintex sauce

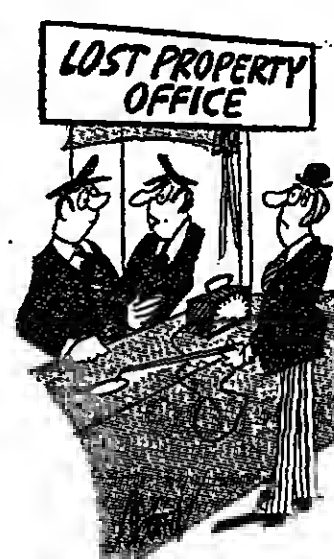
It's a long way from Cleckheaton to Mustique, and indeed from brake-lining to glamour photography. But, sticking gamely away at the image barrier, West Yorkshire motor parts company Mintex brings together Colin Tennant's Caribbean island, a bevy of lovelies, and former Pirelli publicity head Derek Forsyth to produce an "artistic" calendar to promote their product.

With Forsyth's expertise, the calendar is consciously cast in the mould of the now discontinued Pirelli calendar, which became something of an office classic. The net cost to Mintex will be around £20,000, with half of the production bill offset by sales of the calendar to the public, at £3 a leaf.

Consett party

The most elusive man in Britain must surely be John O'Keefe, the Gateshead businessman who, as secretary of the Northern Industrial Group, has achieved some prominence as "the man who might buy Consett."

Although the Consett steelworkers only this week agreed with the British Steel Corporation their golden handshakes, the Corporation will keep Consett's furnaces warm for a reasonable time, so O'Keefe's deadline has yet to elapse. The problem — if indeed there is a problem — so secret is the putative deal — is that almost nobody seems to know whom O'Keefe represents.



"Says he's from the Atomic Energy Authority."

Steel union leader Bill Sirs knows who several members of the NIG consortium are, but despite growing impatience within the Iron and Steel Trades Confederation about the prolonged overtures, Sirs is keeping mum for the moment. The Department of Industry has spoken with two representatives of NIG, but points out that the BSC, not itself, would be party to any negotiations which may be taking place. Over at BSC, the word this week has been a frank "We are not negotiating with anyone, no one has so far approached us."

T. J. Thomson, a Stockton-on-Tees metal processor, was approached by O'Keefe three weeks ago, but after asking for further details heard nothing more. Another major scrap dealer in Newcastle, W. F. and J. R. Shepherd, had precisely the same experience.

The view from Middlesbrough is that there are precious few companies in the heavy engineering and metals business whose balance sheet could stand an acquisition like Consett in these depressed times. The plant

produces billets, hardly a growth sector in the short term. It will be an enlightening moment when O'Keefe, his colleague John Carney of Durham University, and their backers emerge from the shadows.

New values

The "creative" world is, in my experience, largely characterised by its denizens' preference for abstracted and florid turns of phrase. Ideally in the same breath, it is a world filled with bright souls prioritising objectives, identifying focus situations, and running ideas up flagpoles. Thus, when I encountered James Pilditch, chairman of Allied Industrial Designers, explaining that "we provide the urge you need when you want to overtake another car" and that in his line of business "you need a larger share of mind than the market," I realised that I was in the presence of someone very creative indeed.

AID's object is to help industry innovate. "Creativity," quills its promotional literature, "has been defined as 'relating previously unrelated experience'."

From the looks of yesterday's healthy increase in profits, industry evidently values the AID approach. Pilditch founded the company himself, and apart from presiding over its advance to public status earlier this year, he has written four books about innovation, travel articles for the glossies, and nurtured a love for fine art.

He is also given to elegant if sometimes gnomic modes of expression. "The beer and wine market in the UK is just like one of Dorothy Parker's old sayings from the Algonquin days — you can lead a horticulturalist, but you cannot make her think," he reflected, as I twiddled my ballpoint pen and tried to look as if I understood.

Observer

Hine. The connoisseurs' cognac.



FINANCIAL TIMES SURVEY

Wednesday September 10 1980

ROTTERDAM

The 1970s slowdown in the growth of world trade has made Rotterdam take stock. Though the huge port, the world's busiest, still dominates the city's working life, and schemes to improve it and attract other industry continue, there are also concerted efforts to make Rotterdam a more pleasant place to live in.

Change in the city's priorities

By Charles Batchelor

THE PORT and the city of Rotterdam have begun a second less hectic stage of their post-war development. After more than three decades of rapid growth, in which everything was subordinated to the expansion of the port and its attendant industries, new priorities have now been adopted.

his new approach has partly been forced on Rotterdam by the oil crises of the 1970s and the resultant slowdown in the growth of world trade. The port's seemingly relentless march westwards towards the sea has been halted and investment "in depth" is now the watchword. Some of the older existing harbours will be modified and their facilities improved.

In the city itself the large-scale approach of the immediate post-war years has also been dropped. The Left-wing city council is encouraging the building of more homes in the city centre and has placed a ban on the release of more space for offices. The broad six-lane avenues which slice

through the heart of the city are being narrowed to achieve a more human scale.

Rotterdam's port still dominates the working and industrial life of the city. Handling 293m tonnes of cargo last year, it is the busiest port in the world—more than twice the size of its nearest rival, Kobe in Japan. Rotterdam's dominance over its European rivals is even more impressive. It moved 45 per cent of all cargo passing through the Hamburg to Le Havre range of ports. In 1979, Le Havre and Antwerp trailed well behind in second and third positions, handling 13.5 and 12 per cent respectively.

Rotterdam can trace its origins back to a small settlement built on the banks of the River Rote in the 13th century. The fishing harbour developed into a port trading with the Baltic and Norman coast. Until the mid-19th century, shipping was hindered by the constantly changing channels in the Rhine and Maas delta.

Theo in 1858, Pieter Caland, a gifted hydraulic engineer in the government service, had the idea of digging a new waterway through the sand dunes at the Hook of Holland. Rotterdam was thus accessible from the sea at both high and low tides. Today more than 30,000 vessels use the channel each year and the outer Europoort basin can be reached by oil tankers of up to 300,000 dwt. While the Rotterdam conurbation has a population of only 1m it claims a European hinterland of 200m people.

Rotterdam expects to continue to grow in terms of cargo handled up to the year 2000, though at a slower rate than

previously forecast, according to a recent report commissioned by the port authority. Plans to develop a new port basin, Rijnpoort, on the north side of the New Waterway have been dropped.

The Rijnpoort was intended as a container terminal. Studies showed though that it would place too heavy a burden on the local rail network and on nearby communities. The Maasvlakte area, at the mouth of the New Waterway, is therefore likely to be the last port expansion project for many years to come. Maasvlakte, which houses oil and coal terminals and a power station, has been built on land reclaimed from the sea.

More room

If further expansion has for the time being halted, improvements to the existing facilities are being made. Some of the older harbours near the centre of town are being rebuilt to give more quayside room for loading and unloading.

The city-owned Rotterdam port authority differs from many of its foreign counterparts in that it is not directly involved in cargo handling activities. The authority provides the quays, roads and rail links, maintains the channels and then lets private enterprise take over. Companies compete in carrying out port operations," said Mr. Martin Landman, head of the local Chamber of Commerce's foreign section. "An official apparatus is no match for private companies."

The port has been completely self-financing since 1970, dipping into its reserves or issuing loans to make up any deficits. Two-thirds of the costs of major new investment projects to improve

links with the sea or with the hinterland are met by the Government, but the city has been pressing for some time for a more generous arrangement. The dredging of the approach channel for oil tankers to its present depth of 68 feet was paid for entirely by Rotterdam.

Rotterdam has extended its city boundary westward to the sea as the port installations have expanded. The entire port has therefore remained in the hands of one authority. Port development has been the more effective for being under unified control.

The port has given rise to a wide range of industrial activities along the river estuary. Large shipbuilding yards have been badly hit by the shipping recession and by the shift in production to low-wage countries and the Far East. But the ship repair sector remains buoyant and the specialised shipyards making dredging equipment, naval vessels and sophisticated merchant ships have recently reported a recovery in business.

The petrochemical industry has recovered surprisingly quickly from its recent downturn. After a slowdown in new investment, Exxon, British Petroleum, Chevron and Royal Dutch Shell have announced projects worth several billion guilders within the past year or so. These include the upgrading of refinery capacity and the building of a liquefied petroleum gas terminal and of coal gasification plant.

The petrochemical sector made investment commitments of Fl 1.419m, or just over half of the Fl 820m total, in 1979, according to investment permit applications for the Rotterdam

area. Important as it is to the region, the petrochemical industry provides relatively few jobs—only 19,400 of the 373,500 in the "Rhine Mouth" area, which includes Rotterdam and more than 20 smaller local authorities.

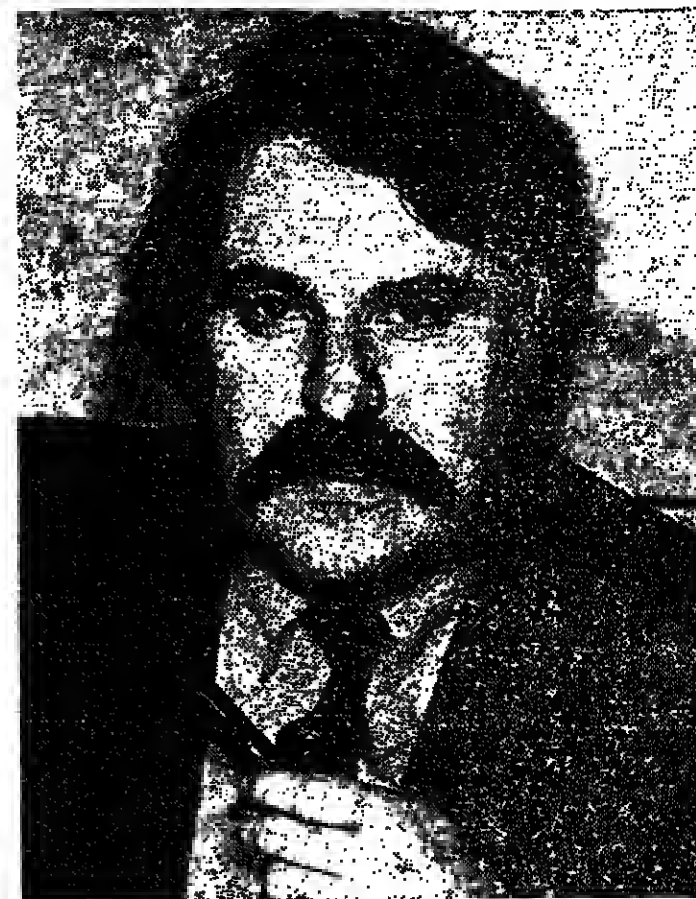
The city authorities have also modified their priorities in recent years. "The first concern of the city is jobs," said Mr. Willem van Schaick, the city's director of economic affairs. "Previously we concentrated on maximising cargo tonnage through the port, so we encouraged the oil sector. Now we try to stimulate the mixed cargo sector, which provides more jobs."

With an unemployment rate of 7 per cent compared with the national average of just over 5 per cent, Rotterdam has put a lot of thought into the employment question. Companies are still being encouraged to move from the city centre where they clash with housing requirements. But ample sites have been reserved on the outskirts. The hostile attitude of the city to industry, which characterised the early 1970s, has now given way to a more positive approach.

Unique

Rotterdam claims to be unique in having set up a department to represent the interests of the small businessman affected by slum clearance and urban renewal. This move was prompted by studies which showed that many jobs were provided by the smaller companies. "This is a department which will stick up for the small businessman if he has problems

CONTENTS	
The port	II
Financial activity	III
City renewal	IV
Conservation	IV
Industry	V
Grain	VI
Container traffic	VI
Oil	VII



Andre van der Louw, the city's Burgomaster. He has led many Rotterdam trade missions abroad.

caused by, say, the building of the metro," said Mr. van Schaick.

Rotterdam is now far more ready to compromise with industry, which a few years ago it would have refused to accept within its borders. A decision by Kruwal, a German steel consortium, not to site an iron ore pelletisation plant near Rotterdam and the loss of a liquefied natural gas terminal to another part of the country shook the city. "We used to tell dirty industry to go away," said Mr. van Schaick. "Now we would try to find a solution to their environmental problems. We will make no concessions on health, though."

Rotterdam's present Burgomaster, Mr. Andre van der Louw, sent a shiver down the spines of many Rotterdam businessmen when he took office in 1974. Mr. van der Louw, who was 42 when he was appointed and one of the youngest burgomasters to take control of such a large city, hails from the radical wing of the Labour Party. Many people feared he would take a populist, anti-business attitude.

In practice, he has established a good relationship with the city's business community. Like all Dutch burgomasters Mr. van der Louw is appointed by the crown for a six year period, which can be renewed until retirement. "Politically I have not changed, though people's image of me has," said Mr. van der Louw. "My aims are good teamwork and good relations with the business world." He has dispelled any doubts by leading many Rotterdam trade missions abroad to promote local companies and the port.

Strengths

Mr. van der Louw chairs a council which is unique in the Netherlands. The executive committees of aldermen in other Dutch cities reflect the strength of the parties on the council; since 1974, Rotterdam's eight-man executive has been comprised exclusively of Labour aldermen, although only 25 of the 45 council members represent the Labour Party. This unanimity on the executive is one of the reasons for Rotterdam's reputation for effective

decision-making. The city has the name in the Netherlands for "preferring action to words."

One of the decisions taken by the Labour city executive was to halt city centre office development. Sites on the edge of Rotterdam are now being developed as office sub-centres.

Despite the opposition to city centre offices, Rotterdam is trying to encourage the creation of more white-collar jobs throughout the "Rhine Mouth" area. For too long, companies have put their factories in Rotterdam and set up their offices elsewhere, the city argues. It is now applying pressure to attract offices too.

Rotterdam, more than any other city, has come to stand for the hard-working, pragmatic character of the Dutch. The war-time bombing which destroyed much of the city centre has, it is true, allowed a more radical renewal than has been possible elsewhere. The same effort which went into re-establishing the economic health of the city is now being applied, with impressive results, to making it pleasant to live and work in.



BANK MEES & HOPE NV

Main offices:
Herengracht 548, 1017 CG Amsterdam,
telephone 020 - 5279111
(international direct dialling 010 - 31205279111),
telex 11424, cable Meesbank.

Coolsingel 93, 3012 AE Rotterdam,
telephone 010 - 632911
(international direct dialling 010 - 3110652911),
telex 21231, cable Meesbank.

U.K. representative office: 48-54 Moorgate, London EC2 R6 EU,
telephone 01-6386521, telex 886363.

After 260 years
in Holland
we are the best
Insiders
for
Outsiders.

Dutch imports around Dfl. 115,000 million.
Dutch exports around Dfl. 110,000 million.



If you want some growth potential.
Use the inside bank: NMB Bank.

Dutch business offers vast growth opportunities to almost any kind of enterprise. Just a glance at Dutch trade shows that it is considerably more important than it sounds.

With the largest, busiest port in the world, its vast transit trade and multibillion imports and exports, Holland - although a small country - plays a significant role in world economy.

So when dealing with Holland, deal with the bank that knows Holland best: the NMB Bank.

Though NMB ranks number three

among commercial banks, it is number one with thousands of medium-sized and larger companies that form the backbone of Dutch business.

Because NMB finances a considerable amount of their business, it has gained an expert knowledge of international trade.

So, the next time you deal with Holland, turn to the NMB Bank and turn yourself into an insider.

NMB Bank, P.O. Box 1800, Amsterdam, telephone: 3120-543911, telex: 11402. Balance sheet total as at 31-12-1979 Dfl. 46,518

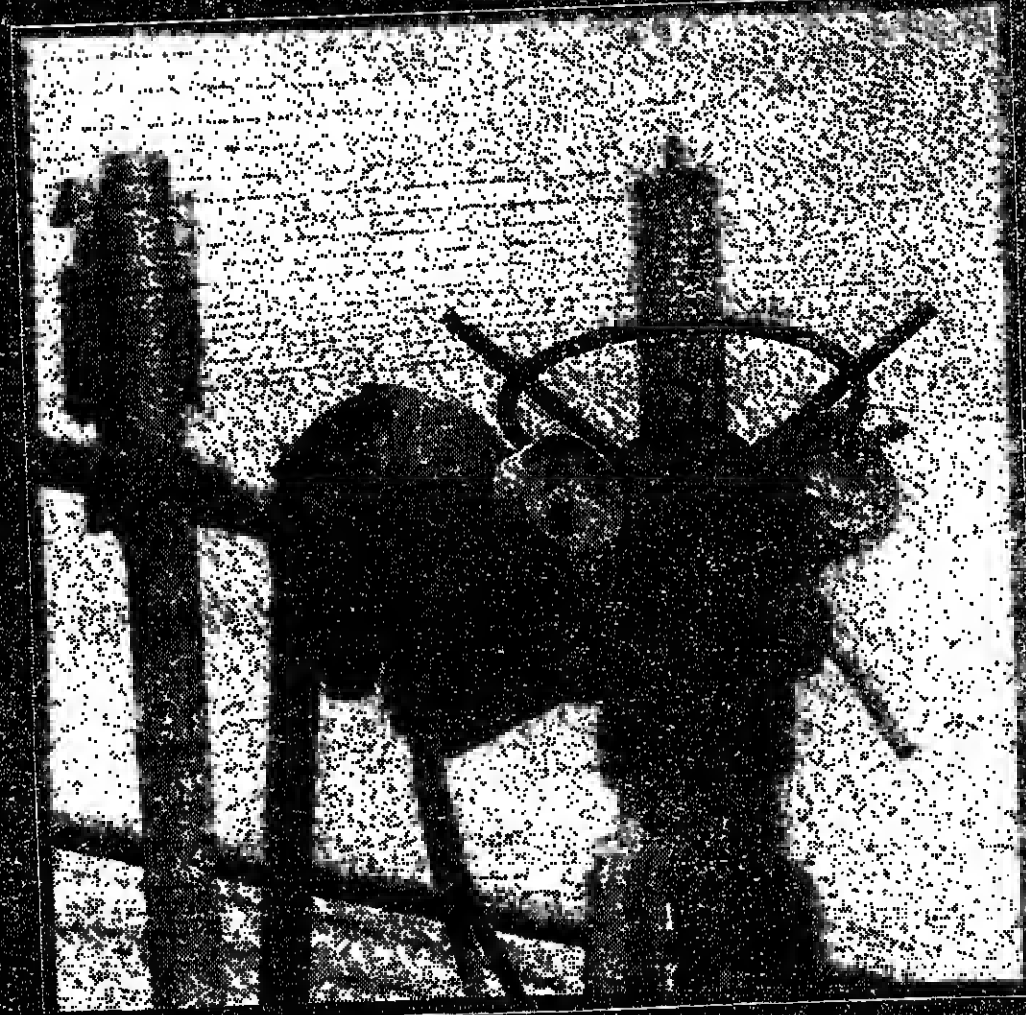
million. NMB Bank has branches in New York and Curaçao. In Curaçao we operate a Finance Company and a Trust Company. In Zürich NMB (Schweiz) AG is at your service.

We are represented in London, New York, Bahrain, São Paulo, Paris, Mexico, Caracas, Singapore, Tokyo and Hong Kong. Member of the Inter-Alpha Group of Banks.

Contact our UK representative office: Mr. J. M. A. Yntema, NMB Bank, 25 Birch Lane, London, EC3V9DJ, telephone: 6238518, telex: 887047.

NMB BANK
NEERLANDSCHE MIDDENSTANDSBANK NV

Oil and petrochemicals stored
with us are on tap for Europe



We're on the pipelines that serve Europe's industries. The Rotterdam-Antwerp line gets our products to Belgium. The Rotterdam-Ruhr line pipes to Germany. Our own system moves crude and other products through Rotterdam's massive industrial complex. So you can ship a VLCC to our Rotterdam jetty, discharge direct into our tanks, and then distribute in Europe simply by asking us to open the taps. You have no risk of loss or contamination plus the promise of prompt deliveries to your users. It's one of the ways we work in seven countries on two continents. We're petrochemical experts in the service of the petrochemical industry. We help to keep raw materials available for industry.

**PAKTANK: working today to keep
you in the lead tomorrow**

PAKTANK Europe BV, 1017 CA Amsterdam, P.O. Box 100, 1000 AA Amsterdam.
Telex: 140000, 140001, 140002, 140003, 140004, 140005, 140006, 140007, 140008, 140009, 140010, 140011, 140012, 140013, 140014, 140015, 140016, 140017, 140018, 140019, 140020, 140021, 140022, 140023, 140024, 140025, 140026, 140027, 140028, 140029, 140030, 140031, 140032, 140033, 140034, 140035, 140036, 140037, 140038, 140039, 140040, 140041, 140042, 140043, 140044, 140045, 140046, 140047, 140048, 140049, 140050, 140051, 140052, 140053, 140054, 140055, 140056, 140057, 140058, 140059, 140060, 140061, 140062, 140063, 140064, 140065, 140066, 140067, 140068, 140069, 140070, 140071, 140072, 140073, 140074, 140075, 140076, 140077, 140078, 140079, 140080, 140081, 140082, 140083, 140084, 140085, 140086, 140087, 140088, 140089, 140090, 140091, 140092, 140093, 140094, 140095, 140096, 140097, 140098, 140099, 140100, 140101, 140102, 140103, 140104, 140105, 140106, 140107, 140108, 140109, 140110, 140111, 140112, 140113, 140114, 140115, 140116, 140117, 140118, 140119, 140120, 140121, 140122, 140123, 140124, 140125, 140126, 140127, 140128, 140129, 140130, 140131, 140132, 140133, 140134, 140135, 140136, 140137, 140138, 140139, 140140, 140141, 140142, 140143, 140144, 140145, 140146, 140147, 140148, 140149, 140150, 140151, 140152, 140153, 140154, 140155, 140156, 140157, 140158, 140159, 140160, 140161, 140162, 140163, 140164, 140165, 140166, 140167, 140168, 140169, 140170, 140171, 140172, 140173, 140174, 140175, 140176, 140177, 140178, 140179, 140180, 140181, 140182, 140183, 140184, 140185, 140186, 140187, 140188, 140189, 140190, 140191, 140192, 140193, 140194, 140195, 140196, 140197, 140198, 140199, 140200, 140201, 140202, 140203, 140204, 140205, 140206, 140207, 140208, 140209, 140210, 140211, 140212, 140213, 140214, 140215, 140216, 140217, 140218, 140219, 140220, 140221, 140222, 140223, 140224, 140225, 140226, 140227, 140228, 140229, 140230, 140231, 140232, 140233, 140234, 140235, 140236, 140237, 140238, 140239, 140240, 140241, 140242, 140243, 140244, 140245, 140246, 140247, 140248, 140249, 140250, 140251, 140252, 140253, 140254, 140255, 140256, 140257, 140258, 140259, 140260, 140261, 140262, 140263, 140264, 140265, 140266, 140267, 140268, 140269, 140270, 140271, 140272, 140273, 140274, 140275, 140276, 140277, 140278, 140279, 140280, 140281, 140282, 140283, 140284, 140285, 140286, 140287, 140288, 140289, 140290, 140291, 140292, 140293, 140294, 140295, 140296, 140297, 140298, 140299, 140300, 140301, 140302, 140303, 140304, 140305, 140306, 140307, 140308, 140309, 140310, 140311, 140312, 140313, 140314, 140315, 140316, 140317, 140318, 140319, 140320, 140321, 140322, 140323, 140324, 140325, 140326, 140327, 140328, 140329, 140330, 140331, 140332, 140333, 140334, 140335, 140336, 140337, 140338, 140339, 140340, 140341, 140342, 140343, 140344, 140345, 140346, 140347, 140348, 140349, 140350, 140351, 140352, 140353, 140354, 140355, 140356, 140357, 140358, 140359, 140360, 140361, 140362, 140363, 140364, 140365, 140366, 140367, 140368, 140369, 140370, 140371, 140372, 140373, 140374, 140375, 140376, 140377, 140378, 140379, 140380, 140381, 140382, 140383, 140384, 140385, 140386, 140387, 140388, 140389, 140390, 140391, 140392, 140393, 140394, 140395, 140396, 140397, 140398, 140399, 140400, 140401, 140402, 140403, 140404, 140405, 140406, 140407, 140408, 140409, 140410, 140411, 140412, 140413, 140414, 140415, 140416, 140417, 140418, 140419, 140420, 140421, 140422, 140423, 140424, 140425, 140426, 140427, 140428, 140429, 140430, 140431, 140432, 140433, 140434, 140435, 140436, 140437, 140438, 140439, 140440, 140441, 140442, 140443, 140444, 140445, 140446, 140447, 140448, 140449, 140450, 140451, 140452, 140453, 140454, 140455, 140456, 140457, 140458, 140459, 140460, 140461, 140462, 140463, 140464, 140465, 140466, 140467, 140468, 140469, 140470, 140471, 140472, 140473, 140474, 140475, 140476, 140477, 140478, 140479, 140480, 140481, 140482, 140483, 140484, 140485, 140486, 140487, 140488, 140489, 140490, 140491, 140492, 140493, 140494, 140495, 140496, 140497, 140498, 140499, 140500, 140501, 140502, 140503, 140504, 140505, 140506, 140507, 140508, 140509, 140510, 140511, 140512, 140513, 140514, 140515, 140516, 140517, 140518, 140519, 140520, 140521, 140522, 140523, 140524, 140525, 140526, 140527, 140528, 140529, 140530, 140531, 140532, 140533, 140534, 140535, 140536, 140537, 140538, 140539, 140540, 140541, 140542, 140543, 140544, 140545, 140546, 140547, 140548, 140549, 140550, 140551, 140552, 140553, 140554, 140555, 140556, 140557, 140558, 140559, 140560, 140561, 140562, 140563, 140564, 140565, 140566, 140567, 140568, 140569, 140570, 140571, 140572, 140573, 140574, 140575, 140576, 140577, 140578, 140579, 140580, 140581, 140582, 140583, 140584, 140585, 140586, 140587, 140588, 140589, 140590, 140591, 140592, 140593, 140594, 140595, 140596, 140597, 140598, 140599, 140600, 140601, 140602, 140603, 140604, 140605, 140606, 140607, 140608, 140609, 140610, 140611, 140612, 140613, 140614, 140615, 140616, 140617, 140618, 140619, 140620, 140621, 140622, 140623, 140624, 140625, 140626, 140627, 140628, 140629, 140630, 140631, 140632, 140633, 140634, 140635, 140636, 140637, 140638, 140639, 140640, 140641, 140642, 140643, 140644, 140645, 140646, 140647, 140648, 140649, 140650, 140651, 140652, 140653, 140654, 140655, 140656, 140657, 140658, 140659, 140660, 140661, 140662, 140663, 140664, 140665, 140666, 140667, 140668, 140669, 140670, 140671, 140672, 140673, 140674, 140675, 140676, 140677, 140678, 140679, 140680, 140681, 140682, 140683, 140684, 140685, 140686, 140687, 140688, 140689, 140690, 140691, 140692, 140693, 140694, 140695, 140696, 140697, 140698, 140699, 140700, 140701, 140702, 140703, 140704, 140705, 140706, 140707, 140708, 140709, 140710, 140711, 140712, 140713, 140714, 140715, 140716, 140717, 140718, 140719, 140720, 140721, 140722, 140723, 140724, 140725, 140726, 140727, 140728, 140729, 140730, 140731, 140732, 140733, 140734, 140735, 140736, 140737, 140738, 140739, 140740, 140741, 140742, 140743, 140744, 140745, 140746, 140747, 140748, 140749, 140750, 140751, 140752, 140753, 140754, 140755, 140756, 140757, 140758, 140759, 140760, 140761, 140762, 140763, 140764, 140765, 140766, 140767, 140768, 140769, 140770, 140771, 140772, 140773, 140774, 140775, 140776, 140777, 140778, 140779, 140780, 140781, 140782, 140783, 140784, 140785, 140786, 140787, 140788, 140789, 140790, 140791, 140792, 140793, 140794, 140795, 140796, 140797, 140798, 140799, 140800, 140801, 140802, 140803, 140804, 140805, 140806, 140807, 140808, 140809, 140810, 140811, 140812, 140813, 140814, 140815, 140816, 140817, 140818, 140819, 140820, 140821, 140822, 140823, 140824, 140825, 140826, 140827, 140828, 140829, 140830, 140831, 140832, 140833, 140834, 140835, 140836, 140837, 140838, 140839, 140840, 140841, 140842, 140843, 140844, 140845, 140846, 140847, 140848, 140849, 140850, 140851, 140852, 140853, 140854, 140855, 140856, 140857, 140858, 140859, 140860, 140861, 140862, 140863, 140864, 140865, 140866, 140867, 140868, 140869, 140870, 140871, 140872, 140873, 140874, 140875, 140876, 140877, 140878, 140879, 140880, 140881, 140882, 140883, 140884, 140885, 140886, 140887, 140888, 140889, 140890, 140891, 140892, 140893, 140894, 140895, 140896, 140897, 140898, 140899, 140900, 140901, 140902, 140903, 140904, 140905, 140906, 140907, 140908, 140909, 140910, 140911, 140912, 140913, 140914, 140915, 140916, 140917, 140918, 140919, 140920, 140921, 140922, 140923, 140924, 140925, 140926, 140927, 140928, 140929, 140930, 140931, 140932, 140933, 140934, 140935, 140936, 140937, 140938, 140939, 140940, 140941, 140942, 140943, 140944, 140945, 140946, 140947, 140948, 140949, 140950, 140951, 140952, 140953, 140954, 140955, 140956, 140957, 140958, 140959, 140960, 140961, 140962, 140963, 140964, 140965, 140966, 140967, 140968, 140969, 140970, 140971, 140972, 140973, 140974, 140975, 140976, 140977, 140978, 140979, 140980, 140981, 140982, 140983, 140984, 140985, 140986, 140987, 140988, 140989, 140990, 140991, 140992, 140993, 140994, 140995, 140996, 140997, 140998, 140999, 141000, 141001, 141002, 141003, 141004, 141005, 141006, 141007, 141008, 141009, 141010, 141011, 141012, 141013, 141014, 141015, 141016, 141017, 141018, 141019, 141020, 141021, 141022, 141023, 141024, 141025, 141026, 141027, 141028, 141029, 141030, 141031, 141032, 141033, 141034, 141035, 141036, 141037, 141038, 141039, 141040, 141041, 141042, 141043, 141044, 141045, 141046, 141047, 141048, 141049, 141050, 141051, 141052, 141053, 141054, 141055, 141056, 141057, 141058, 141059, 141060, 141061, 141062, 141063, 141064, 141065, 141066, 141067, 141068, 141069, 141070, 141071, 141072, 141073, 141074, 141075, 141076, 141077, 141078, 141079, 141080, 141081, 141082, 141083, 141084, 141085, 141086, 141087, 141088, 141089, 141090, 141091, 141092, 141093, 141094, 141095, 141096, 141097, 141098, 141099, 141100, 141101, 141102, 141103, 141104, 141105, 141106, 141107, 141108, 141109, 141110, 141111, 141112, 141113, 141114, 141115, 141116, 141117, 141118, 141119, 141120, 141121, 141122, 141123, 141124, 141125, 141126, 141127, 141128, 141129, 141130, 141131, 141132, 141133, 141134, 141135, 141136, 141137, 141138, 141139, 141140, 141141, 141142, 141143, 141144, 141145, 141146, 141147, 141148, 141149, 141150, 141151, 141152, 141153, 141154, 141155, 141156, 141157, 141158, 141159, 141160, 141161, 141162, 141163, 141164, 141165, 141166, 141167, 141168, 141169, 141170, 141171, 141172, 141173, 141174, 141175, 141176, 141177, 141178, 141179, 141180, 141181, 141182, 141183, 141184, 141185, 141186, 141187, 141188, 141189, 141190, 141191, 141192, 141193, 141194, 141195, 141196, 141197, 141198, 141199, 141200, 141201, 141202, 141203, 141204, 141205, 141206, 141207, 141208, 141209, 141210, 141211, 141212, 141213, 141214, 141215, 141216, 141217, 141218, 141219, 141220, 141221, 141222, 141223, 141224, 141225, 141226, 141227, 141228, 141229, 141230, 141231, 141232, 141233, 141234, 141235, 141236, 141237, 141238, 141239, 141240, 141241, 141242, 141243, 141244, 141245, 141246, 141247, 141248, 141249, 141250, 141251, 141252, 141253, 141254, 141255, 141256, 141257, 141258, 141259, 141260, 141261, 141262, 141263, 141264, 141265, 141266, 141267, 141268, 141269, 141270, 141271, 141272, 141273, 141274, 141275, 141276, 141277, 141278, 141279, 141280, 141281, 141282, 141283, 141284, 141285, 141286, 141287, 141288, 141289, 141290, 141291, 141292, 141293, 141294, 141295, 141296, 141297, 141298, 141299, 141300, 141301, 141302, 141303, 141304, 141305, 141306, 141307, 141308, 141309, 141310, 141311, 141312, 141313, 141314, 141315, 141316, 141317, 141318, 141319, 141320, 141321, 141322, 141323, 141324, 141325, 141326, 141327, 141328, 141329, 141330, 141331, 141332, 141333, 141334, 141335, 141336, 141337, 141338, 141339, 141340, 141341, 141342, 141343, 141344, 141345, 141346, 141347, 141348, 141349, 141350, 141351, 141352, 141353, 141354, 141355, 141356, 141357, 141358, 141359, 1

Financial groups attracted to Amsterdam

ROTTERDAM cannot hope to emulate the Dutch capital Amsterdam as the centre of the country's financial community, though the port city is the home of significant activities in the insurance and banking fields.

The banking mergers of the past three decades have generally led to the establishment of new head offices in Amsterdam. However, the insurance companies have spread themselves more widely round the "Randstad" conurbation, many of them opting for Rotterdam.

Rotterdam's stock exchange closed its doors in 1974, though the imposing modern exchange building on the busy Coolingsel still houses insurance, grain and shipping markets. Rotterdam is also the home of the Netherlands' largest insurance exchange, but this may now also move out of the city. Controversial plans have been drawn up to combine the Rotterdam and Amsterdam exchanges in a new building on the outskirts of Amsterdam.

The city accounts for 60 per cent of the business handled by the two Dutch insurance exchanges. Dutch brokers, underwriters and companies specialising in major business risks have been joined by a large number of foreign concerns in recent years. Rotterdam is also the home of the large Robeco group of investment funds, which started life as an investment club for prominent Rotterdam shipowners, businessmen and bankers half a century ago.

Vitality

While Amsterdam has long been surpassed as a trading centre—its port handles only 7 per cent of the volume of traffic which passes through Rotterdam—it has retained its vitality as a financial centre. The Amsterdam stock exchange has functioned as a magnet for the Dutch banking and business community.

The close proximity of the three major Dutch cities—Amsterdam, Rotterdam and The Hague—encouraged this division of labour. Port activities developed in Rotterdam, the securities, money and capital markets flourished in Amsterdam, while The Hague became the city of Government. Improving methods of communication have hastened the trend.

Rotterdam attributes its lack of favour with the white-collar community partly to its port and industrial image. The city is simply not seen as a first choice for large office developments by many companies, though they are happy to base their factories and trading activities there.

The city council has now begun a more active policy of attracting office as well as factory jobs. It is no longer prepared to accept that a company allocates industrial jobs to

Rotterdamsche Bank to form the Amsterdam-Rotterdam Bank (AMRO) in 1964. AMRO, now the third largest bank in the Netherlands, nevertheless maintains a substantial operation in Rotterdam. Mees en Zonen, another Rotterdam institution, underwent a similar merger process and now forms part of the Amsterdam-based Algemeene Bank Nederland group.

Slavenburg's Bank is the largest of the Rotterdam-based banks, with a growing network of offices throughout the Netherlands and abroad. Close proximity to the port is useful, says



Rotterdam while setting up its administrative and management offices in The Hague and Amsterdam. This move is of no immediate relevance to the financial community but could in the longer term create a more positive attitude towards the city. The banks, insurance companies and other business offices employ 41,000 people, or 11 per cent of the Rotterdam conurbation's working population, so the city is keen to promote their presence.

While most Dutch banks have their headquarters in Amsterdam they also have large Rotterdam offices. Many foreign banks have their second Dutch office—in some cases their only office—in the port city.

When Rotterdam-based banks have merged with other institutions, the new head office has usually been set up in Amsterdam. This pattern was established when the Rotterdamsche Bank merged with the

bank's president, Mr. Pieter Slavenburg. "The city is the financial hub of the international commodities trade, n.e.s. of our main activities, you need to be near the harbour," it does however have a large securities office in Amsterdam.

Slavenburg's—with a balance sheet total of Fl 9.6bn (\$5bn), the sixth largest Dutch bank—concentrates on serving business rather than private customers. Trading rather than industrial companies predominate, says Mr. Slavenburg. Another typical Rotterdam institution is the Netherlands Shipping Mortgage Bank, with a balance sheet total of just under Fl 1bn. It finances the purchase of seagoing ships, fishing vessels and inland barges by the issue of mortgage bonds and by borrowing on the private capital market.

Alongside the Dutch banks a large number of foreign institutions have opened offices in

Rotterdam. The Bank of Nova Scotia and the National Bank of Greece have their sole Dutch offices in the city, and a number of others are based in both Rotterdam and Amsterdam. Banco do Brasil, Bank of America and Banque Nationale de Paris are among the 10 or so foreign banks represented in both cities.

The manager of one bank which has the larger of its two Dutch offices in Rotterdam commented that he could perhaps get by with only one office covering the whole of the country. But despite the compactness of the Netherlands, most banks divide them up, at least into north and south regions, for marketing purposes. "We could save costs with just one office, but it is of value to be represented in both cities," he said. This manager was less convinced of the need for a physical presence in Rotterdam, pointing out that much trade financed by his bank did not physically pass through the Dutch port.

With the foreign banks in the Netherlands feeling the pinch of rising costs and tough competition from the domestic banks, many are reducing the size of their operations. They may face the awkward choice of shutting down in one of the two cities.

Magnet

Rotterdam is the hub of the Dutch insurance world, housing both the most important insurance market and a number of major companies. Large Dutch insurance companies are based in The Hague, Utrecht and Amsterdam, as well as Rotterdam. But the Rotterdam insurance market, where underwriters and brokers meet daily in the stock

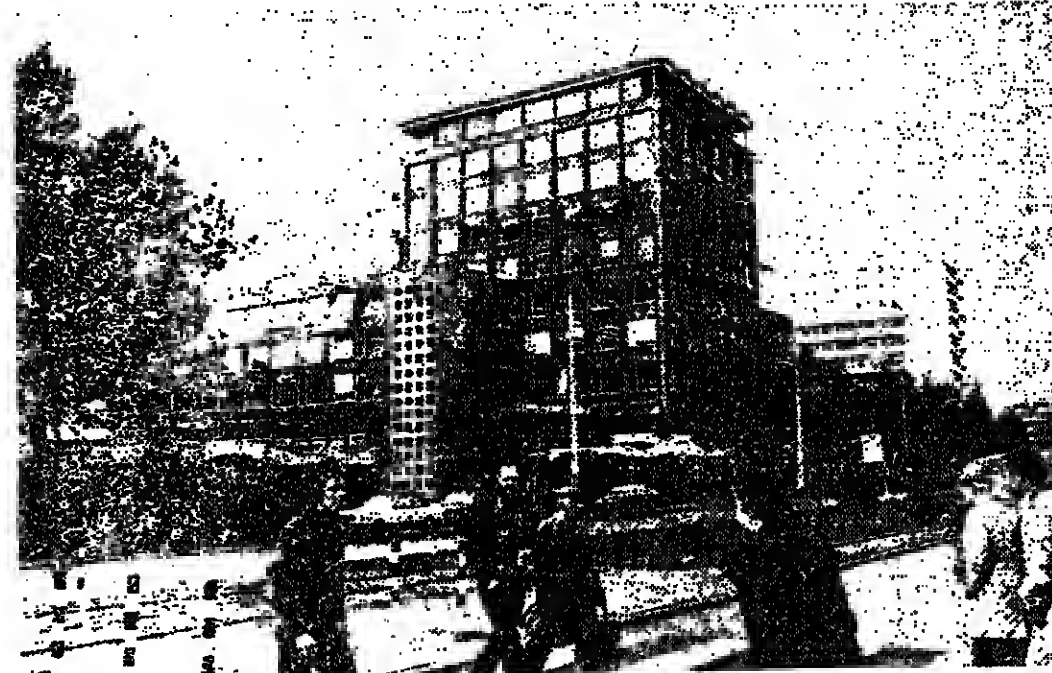
exchange building, acts as an important magnet.

Nationale Nederlanden, the largest Dutch insurance company, with a 1979 turnover of Fl 6.9bn (\$3.6bn), has joint head offices in Rotterdam and The Hague following the merger of separate companies in the two cities. Amfaa and Assurantieconcern Stad Rotterdam are two large Rotterdam-based insurance groups. Hudig-Langeveldt, which claims to be the largest insurance broker on the Continent, also has its headquarters in Rotterdam.

The sister insurance exchanges in Rotterdam and Amsterdam account for an estimated one fifth of the Fl 10bn annual non-life insurance premium turnover in the Netherlands. Rotterdam, whose beginnings date back to 1598, handles 60 per cent of the two exchanges' turnover and houses the larger companies.

The threat to the functioning of the two traditional bourses prompted the insurance industry to assess their future in the late 1970s. Mergers in the insurance world have reduced the number of participants on the exchanges; a number of offices began to combine underwriting and broking activities, which increased the amount of business which could be completed "in house." As business has become more specialised, the experts involved found it difficult to spend time on both exchanges, while the cramped accommodation at the exchanges became less suited for the discussion of complex international business.

A commission of three independent experts in January recommended the building of a new exchange on the outskirts of Amsterdam, to take over the activities of the existing exchanges. The choice fell on



Slavenburg's Bank, largest of the Rotterdam-based banks, has a growing network of offices in the Netherlands and abroad

Amsterdam because the larger Rotterdam-based companies were, it was felt, better placed to absorb the impact of a move than the smaller Amsterdam-based firms. The building of a complete new exchange would also allow both Rotterdam and Amsterdam participants to feel they were starting on a completely equal footing.

This recommendation came as a blow to the Rotterdam insurance community, which had drawn up ambitious plans to improve facilities in the stock exchange building. Rotterdam's plans would have been much cheaper to carry out and would have resulted in office rents less than half those deemed necessary in Amsterdam. The

new exchange is still under discussion but some companies are worried that further delay will signal the end of the market altogether. Already new foreign companies are making direct contact with established insurers, by-passing the exchanges.

Robeco, the Rotterdam Investment Consortium, was set up by a group of 36 businessmen in 1929 "to spare the private investor the cares and worries connected with that part of his capital, the investment of which requires his special care and daily attention," according to an early prospectus.

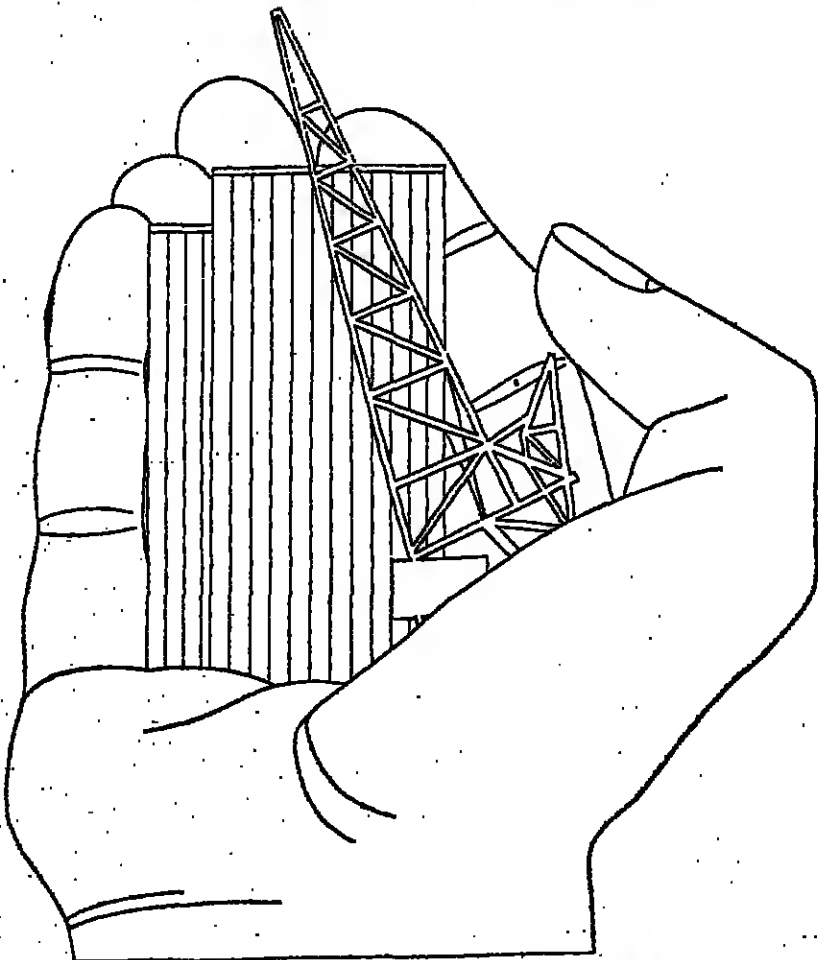
Robeco has now grown to one of the largest investment groups in the world, with assets

of around Fl 10bn. Its staff of 150 manages the group's four worldwide funds from modest offices in central Rotterdam. The Rodameco property fund was last year added to the established Robeco, Rodmeo and Rodento funds, investing in fixed interest securities and shares.

The city's authorities have for a long time put most of their efforts into encouraging the growth of the port and industry. The realisation that a balance must be achieved between white and blue-collar jobs may herald further expansion of Rotterdam's varied financial sector.

Charles Batchelor

Rotterdam. We are a harbour and a city take one or both



As a harbour, we offer you 150 million consumers in a 500 km radius - more than twice as many as New York or Tokyo. The area is Europe's richest, and we are its prime distribution centre, by pipeline, road, rail, air and waterway. We also distribute to more distant lands. Last year Africa, the Mid-East and the Mediterranean got 60 million tons of cargo through us.

If you want to move products or raw materials to markets, maybe we could help.

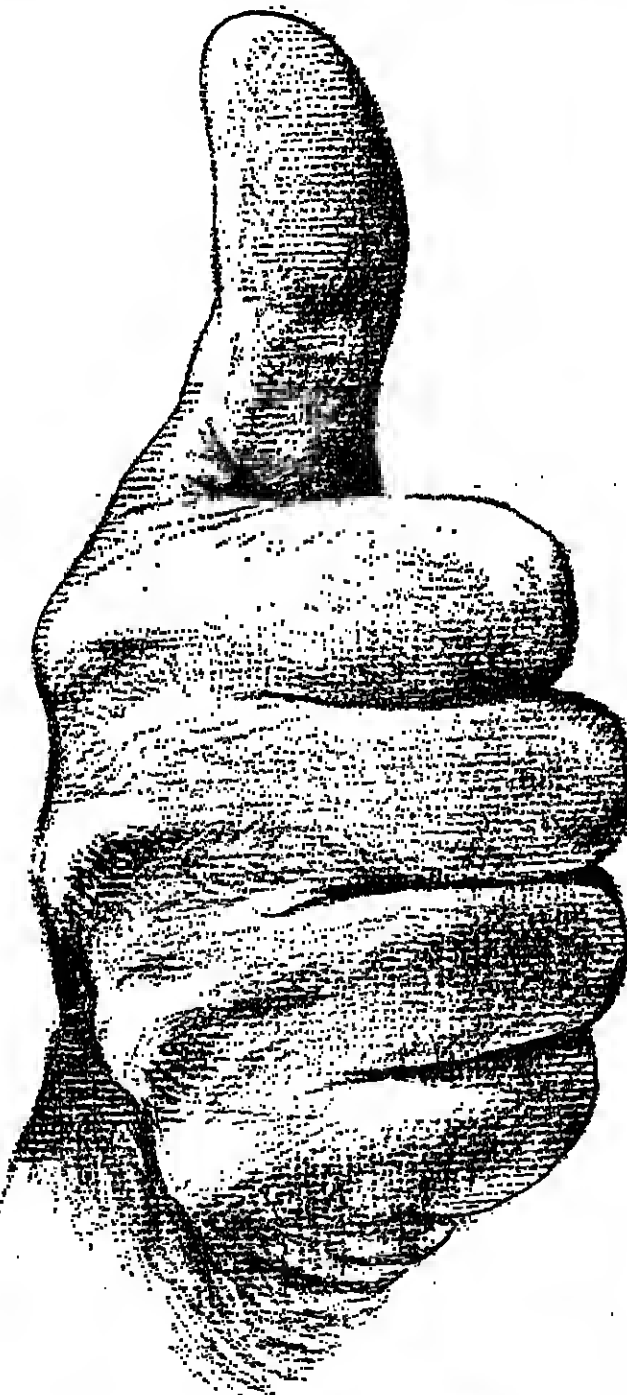
As a city, we have space: 900 hectares open now for port-related industry, 75 hectares for manufacturing, 100,000

square metres of new office space in the city centre. And tens of thousands of square metres of covered warehousing. We have the world's most liberal customs laws, plenty of bonded warehouses, liberal tax and credit setups for foreign businesses and a good labour climate.

You might decide to run your affairs from here.

Whichever way you take us, you'll enjoy our lifestyle. We like foreigners. We have a good orchestra, theatre and dance companies. Modern housing, pretty countryside. A leading university and research centres.

If you think you'd like to try us - or get to know us better, contact Mr. Louwerens van Toledo, the industrial development officer of the Municipality of Rotterdam, Town hall - Coolingsel 40, 3011 AD - Rotterdam (the Netherlands). Telephone 010 173036 Telex 26550 infor nl. He'll write or call you right back.



CONFIDENCE from working with the leading Dutch bank

When Unilever acquired the National Starch and Chemical Corporation in the USA, they were showing their faith in the future.

When they asked Amro to arrange a syndicated bridging loan of US\$ 340 million to help finance the purchase, they were showing their confidence in us.

Amro has continued to justify that confidence by lead managing two US\$ 100 million Eurobond issues for Unilever as consolidation of the original loan.

As the leading commercial and investment bank in The Netherlands we handle business for many of the world's major companies. That's why we're confident we can handle yours.

Contact our head offices at 595 Herengracht, Amsterdam; Telex 15070 or at 119 Coolingsel, Rotterdam; Telex 22211; or our London branch, 29/30 King Street, London EC2V 8EQ; Telex 887139. Branches, subsidiaries or affiliates in every major world financial centre.



amro bank
amsterdam-rotterdam bank nv

Dutch, dependable and developing worldwide.

If your business is international Rotterdam might be your best address

At the heart of the Common Market, with direct links to Europe's richest industrial and metropolitan areas, 140 million consumers in a 400-km radius get most of their imports via Rotterdam - raw materials and finished products, in bulk, in containers, by pipeline, road, rail, air and waterway.

Rotterdam has space
The world's busiest port, Rotterdam has just created 9 million square meters of harbour-side terrain for port-bound business ventures. Plus

200,000 square meters nearby for manufacturing and industry. And 100,000 square meters of office space in the city's centre.

And the help you'll need
Liberal investment facilities. An absolutely unprejudiced view of overseas businessmen. A skilled labour force. A healthy labour climate. Comprehensive port and transport services. And a growing community of foreign businessmen and their families. Rotterdam could be the address you need. It's ready and welcoming now.



For a clear picture of what Rotterdam could do for your business ventures, contact:
Mr. Louwerens van Toledo,
the industrial development officer of the Municipality of Rotterdam,
Town hall - Coolingsel 40,
3000 KV Rotterdam (the Netherlands),
Telephone 010 173036,
Telex 26 550 infon nl

ROTTERDAM IV

Ambitious plan to breathe fresh life into the city

ROTTERDAM HAS begun an ambitious plan of urban renewal aimed at making the city a pleasant place in which to live and work. The city council sees this as a necessary response to the free-wheeling post-war years, when re-building the economy took precedence over social and planning issues.

The council has designated 11 areas, covering a quarter of the city's housing stock, where radical improvements are planned to reverse several decades of neglect. The broad road network laid down immediately after the War is now being modified to restrict the impact of the car on living and shopping areas.

Much is being done to stimulate the arts in a city which for many years has, to an extent unfairly, been seen by many outsiders as something of a cultural desert. Progress is visible in these three areas. But social problems, such as the integration of Rotterdam's many immigrant workers, are proving more intractable.

The city approved in 1978 a ten-year plan to tackle the problems of a declining population and decaying central areas. The plan reversed previous policies, which had aimed at large-scale slum-clearance and the demolition of more than 33,000 dwellings by 1990. The new scheme will improve existing housing where possible and retain the structure of local communities.

Central Rotterdam, within the motorway box, has lost about 100,000 of its 560,000 inhabitants over the past decade. Most of those moving out were families with small children, leaving behind the elderly, foreign workers and childless couples. The population of the old city is still declining but the burgomaster, Mr. André van der Louw, is confident Rotterdam will be the first major Dutch city to halt this exodus.

Alongside the renewal of old areas, new housing is being built on the disused harbour basins such as Leurehaven and the picturesque Delfshaven. An imaginative new housing scheme is also planned for Blaak, until now a broad main thoroughfare lined by banks and insurance offices. The council has stopped releasing land for office building in the city centre.

"Whereas 100,000 people work in the city centre, only 15,000 live there. That is a ridiculous imbalance," said Mr. Hans Mentink, the alderman responsible for planning, traffic and transport policies. More people living in the city centre will live on the streets which are often deserted in the evening and at weekends, he feels.

There used to be a free play of social forces in the city," he commented. "This led to many offices being built. Now we are limiting office building and encouraging more shops and cafés. We allocate the shops and set the rents according to pre-determined plan. This means we are interfering with the free market for the first time."

Tussle

While Rotterdam is attempting to bring people back to live in the city centre, pressure on housing also requires development in the suburbs. Rotterdam's airport at Zestienhoven is the centre of a tussle between those who want to see houses built there and those in favour of retaining a regional airport. "I am against the airport," said Mr. Mentink. "It is surrounded by housing and prevents the extension of the city." When the rail link between Rotterdam, The Hague and Amsterdam's international airport at Schiphol is complete, Schiphol will be only 50 minutes away. Passengers will be able to check in their luggage at Rotterdam Central Station.

Traffic policies are also undergoing a radical change. Rotterdam was planned on an American scale after the war. While the Lijnbaan area was one of the first pedestrian precincts in Europe, much of the rest of the city was given over to the motor car. Broad dual carriageways such as Blaak, Coolingsel and Weena make life hazardous for the pedestrian. Coolingsel has now been reduced in width and the reclaimed space taken up by cycle paths, trees and cafés. Similar plans are being made for the other two main thoroughfares.

When funds threatened to run out for the city's underground railway system, the council drew up a cheaper plan, to bring the metro above ground where possible in the outer suburbs and to extend the network much further. A new line linking the north-east suburbs with the city centre is due for completion by early 1982.

"We aim to divide the room available more fairly between the different types of traffic," said Mr. Mentink. "But we still believe it is very important for

the motorist to be able to get to the city centre. We hold regular opinion polls and these have shown that 65 per cent of drivers find the access is good."

Unlike Amsterdam, Rotterdam has allowed the building of multi-storey car parks, though it is reducing the amount of long-stay street-parking. The visitor to Rotterdam cannot fail to be impressed by the many street sculptures which enliven the Lijnbaan precinct. Artists have been commissioned to paint enormous murals on bare walls, while many of the city's cranes have been transformed with imaginative designs painted on their sides.

Taking art out of the gallery and putting it in the street is an important element in the city's cultural programme. As part of the annual Poetry Festival in early summer, Turkish, Greek and Surinamese poets this year gave readings in parks. The city's art programme is being consciously used to bring the native Dutch residents of Rotterdam into contact with the immigrants, who now make up 11 per cent of the population.

"We have adopted an attacking approach to make use of foreign influences in the city rather than taking a defensive stance and merely adapting to them," said Mr. Pim Vermeulen, alderman responsible for arts and finance.

The Poetry International this year brought about 30 poets into the city to give readings in the Doelen concert hall and in the open air. A second festival, started by Rotterdam in the

early 1970s, is Film International. Up to 100 'alternative' films are shown and their directors take part in discussions and lectures. Many of the films then tour independent cinemas throughout the Netherlands.

The Rotterdam Philharmonic Orchestra, currently under the leadership of the American conductor, David Zinman, has built up an international reputation. Many of the city's artistic events are supported by the Rotterdam Arts Foundation. Fully financed by the local authority, it is nevertheless an independent body advising the council on arts policy.

Theatres

Rotterdam has spearheaded important developments in the Dutch theatre in recent years. When the demise of the New Rotterdam Theatre Company in the early 1970s deprived the city of the traditional large touring repertory company, the Rotterdam Theatre Council was set up to encourage professional theatre in the city. A number of council-owned theatres now provide a varied programme, while educational and experimental groups are also subsidised.

"Rotterdam will never rival Amsterdam as an artistic centre but it has gone its own distinctive way," said Mr. Vermeulen. The combination of the arts and finance portfolios under one alderman ensures that the financial needs of the arts are fairly recognised. In Mr. Vermeulen's view this certainly helped the city's leading art gallery, the Boymans-van

Beuningen make expensive additions to its collection in recent years.

The immigrant workers who have come to Rotterdam over the past two decades are, together with their families, expected to make up 17 per cent of the population in the next 10 years. Mrs. Elizabeth Schmitz, alderman responsible for social affairs, admits that integration has not gone as smoothly as was originally hoped. "Integration will only take place in later generations," she said. "The large numbers of immigrants has led to tensions in the older districts where in some areas up to 40 per cent of the inhabitants are not Dutch. The immigrants include Turks, Moroccans, Surinamese as well as Spaniards and Italians."

"We will have our hands full over the next 10 years with this problem," said Mrs. Schmitz. "The numbers of immigrants are increasing as the men bring their families to the Netherlands. This has coincided with a downturn in the economy."

With one in six Rotterdamers dependent on social security payments for their income the city feels particularly threatened by Government plans to reduce public spending and trim generous welfare provisions. Rotterdam has now transferred responsibility for health questions to another alderman to allow Mrs. Schmitz to concentrate on social problems.

Charles Batchelor



Rotterdam was a pioneer of the traffic-free shopping precinct

Steady moves to improve environment and safety

THE RHINE MOUTH area, with its 1m inhabitants, has grown rapidly since the 1939-45 war. Residential areas have mushroomed, with the emphasis on quantity, not quality. The motto was: "The Dutch prefer to live close to their work."

But, as industrial expansion gained pace in the 1950s and 1960s, environmental concern started to grow. A general feeling of discontent about the quality of life became widespread and turned into a political issue as a result of the activities of pressure groups.

When the working population started to pack its bags and it became increasingly difficult for companies to recruit skilled staff, the problem grew. A study published in 1969 showed that the main reason for this development was the poor environment: air pollution, houses built too close to each other, and the lack of facilities for recreation.

Since then, the situation has changed for the better on most points. Environmental and safety controls have been tightened, modern views on urban planning were adopted and successful efforts have been made to improve the quality of life by providing, for example, sports facilities, playgrounds and shopping precincts.

The petro-chemical industry can now be forced, for example, to restrict the level of sulphur dioxide emission should the central environmental authority decide after investigation, that this is necessary. At the same time, technology has improved. Improvements to many refineries in the Rotterdam area, it is said in the town hall, may well mean that pollution will be reduced further.

Today, Rotterdam is keenly aware of the environmental implications of the coal boom which is expected to follow the petro-chemical boom on its doorstep. Having learnt from previous experiences when potentially attractive projects passed Rotterdam's door, every

new project is dealt with very carefully. Though the possible spread of coal dust is obviously a matter of concern as far as the coal terminal is concerned, environmentalists are also pointing at the increasing number of large vessels entering the port destined for the LPG terminal.

The developments have highlighted concern over tanker safety and provided fresh ammunition for those opposing the arrival of LPG carriers. Events leading up to the arrival of the tanker Energy Concentration breaking its back while unloading at the Europort terminal in July have shown that though a disaster was avoided as a result of quick action by the port authorities, procedures governing the correct unloading of tankers have not been tightened enough.

Mr. Chris van Krimpen, deputy-director of the nautical section of the port authority, is realistic enough. He says: "If we could rebuild the port, we

would of course change certain things; after all, we have learnt somewhat since its establishment. But at the same time it is of the greatest importance that operations continue at the port. There are tremendous interests involved for Rotterdam and for an important part of Western Europe."

Radar

Much is expected from a very advanced, radar-based, electronic vessel management system which is costing Fls. 250m (£53.2m). Over the years, the size and number of the vessels berthing has increased and many more ships are coming into the port with dangerous cargoes such as combustibles and poisonous goods. A further consideration which prompted the go-ahead for the new radar system was the fact that the Rhine mouth area is so densely populated that maximum safety is necessary.

Tha vessel traffic management

system, the port authority hastens to stress, is more than a shore-based radar system. This does play a major part, but it is also a navigational aid and a planning instrument combined which will be capable of giving early warning when dangerous situations threaten, besides promoting the efficiency of the port.

Mr. Jan Riezenkamp, Rotterdam's young Socialist alderman in charge of economic and port affairs - of whom local industrialists speak very kindly - says: "Several new industrial activities will be coming to the port, ensuring continued industrial growth. It is obvious not everyone welcomes them. I shall do my best to see that the environmental problems are contained."

The real problem, however, is that those capital-intensive plants don't alleviate our employment problems and you can't blame industry. For those problems we need assistance from The Hague."

Michael van Os

CHOICE OF THE CHAMPS.

The company that handles all the containers in Rotterdam, and that's the world's biggest port, is E.C.T. That makes them the champs.

For E.C.T. there's only one diesel engine good enough to power their straddle carriers, their terminal tractors and a large percentage of their trucks: DAF Diesel.

They know they'll get an average of 20,000 hours operation out of each straddle carrier before the engine needs overhauling.

Maybe it's that kind of reliability that makes DAF diesel engines first choice in more and more European ports.

DAF Diesel

DAF Diesel, Geldropseweg 303, 5645 TK Eindhoven, Holland, tel. 040-143131.

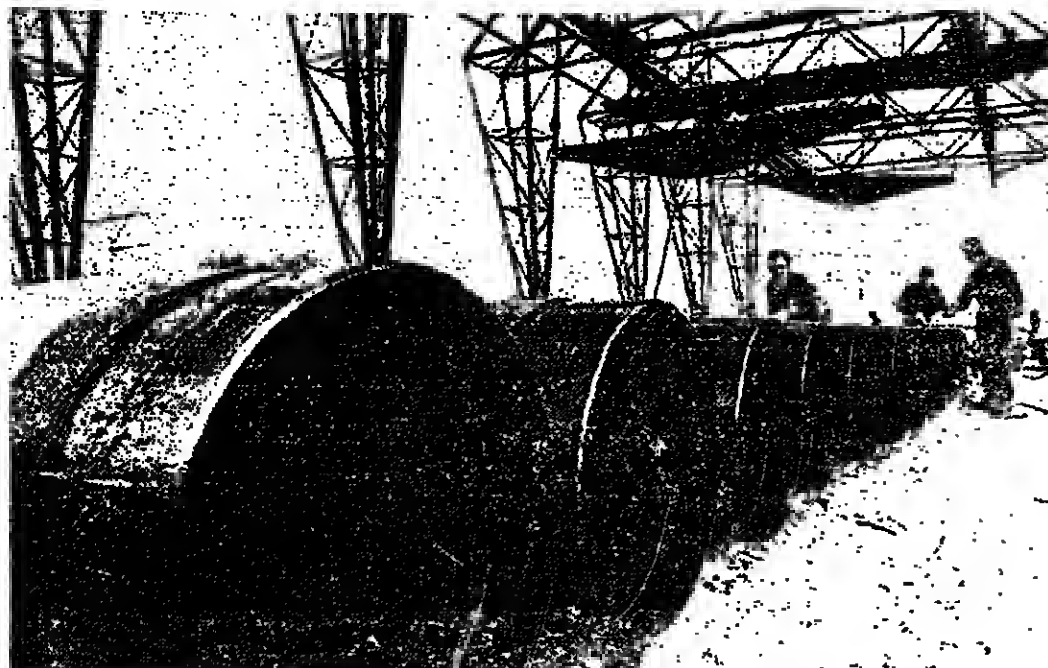


Bank Van der Hoop Offers nu

Commercial and Eurocurrency Banking	Investment Banking Eurobonds
88 Westersingel	497 Keizersgracht
3015 LC Rotterdam	1017 DM Amsterdam
Telefax 22199	Telefax 15441
Phone 010-363688	Phone 020-263600

هكذا من العمل

Petrochemicals boost for flagging port



Export consignment of bitumen-coated pipes from Key and Kramer (part of the £100m Dutch-based CKK group), which operates Europe's biggest steel-coating plant at Maassluis, near Rotterdam.

THE PETROCHEMICAL industry, the cork that keeps Rotterdam's industry afloat, announced a series of major investments worth several billion guilders in the past few months.

They include the expansion of existing chemical plants, improvements to several oil refineries and the construction of a liquefied petroleum gas (LPG) terminal. In addition, the all majors are to build a large coal terminal while Esso (Exxon) is to add a pilot coal gasification plant to its extensive Rotterdam facilities.

The various schemes, which will provide employment for several hundred people, provided encouraging news which has been badly needed. Rotterdam's economy is even more dependent on the level of international trading than the national economy, so its stagnation in the last few years had caused serious concern in and around the port.

However, the flags are out in Rotterdam for some time to come at least, and reports of the Netherlands' none-too-bright investment climate are temporarily hushed.

The news has helped to counteract the gloom in another traditionally important industry in Rotterdam, shipbuilding.

There work has contracted sharply, Mr. J. Gast, director of Stichting Europort-Botlek (EBB), an employers' organisation which comprises more than 60 companies in the Rotterdam industrial area, said: "This country can no longer compete against the low-wage countries in traditional shipbuilding—the future is difficult."

Against this background, the increase in energy-related activities was particularly welcomed in Rotterdam. Mr. Gast of the EBB, said: "It is being realised more and more what a vital share Rotterdam's industry contributes to the national income. The increased interest in industry is therefore encouraging. Its image here has never been very good, but it should not worsen: people have to work and live on the coast. A case industry was established here before the people."

A company that has done more than most to raise hopes that a process of "re-industrialisation" is already under way, at least in certain areas, is Esso Nederland, subsidiary of the world's largest oil concern, "We're building again," Mr. F. G. van Duivenbooden, Esso Nederland's president, said after announcing two major expansions in Rotterdam.

The company is investing about Fl 1bn (£214.6m) in a pilot catalytic gasification plant in Europort to start up in mid-1985 with a 100-tonnes-a-day capacity. The fact that Shell is similarly active has not raised much interest. After all, the Netherlands is Shell's home ground.

If Esso's plant turns out to be a success and with general market and other conditions permitting, Rotterdam may well be a chief contender for a full-scale commercial coal gasification plant with a capacity up to 12,000 tonnes daily. The company is also investing Fl 1.5bn in a 50,000-barrels-a-day flexicoker plant designed to improve its refining capacity. With this addition, the heaviest and toughest of crude oil fractions can be converted in lighter liquids and gases.

Mr. van Duivenbooden, who in the past has often been critical of socio-economic reforms initiated by the previous Socialist-led Government which he felt hindered the growth of business and industry, now stated that one of the more general reasons why the company selected the Netherlands for its expansion programme was Exxon's aim to invest where "good profits are made"

and where a "good dialogue" with the various levels of Government was possible.

Some other reasons cited were the proximity of so many supply companies, facilitating the building of new-technology plant, the good fiscal climate for corporations, and the high labour productivity.

On the other hand, as Mr. Dan Piliro, a director of The Hague subsidiary of Chevron oil company and chairman of the American Chamber of Commerce, recently warned, a factor against Dutch industry was the very high level of absenteeism.

Ways and means of securing a leading role in the Netherlands' changing energy picture — by the end of this century coal should account for about 20 per cent of total energy supply in the Netherlands — has become the main topic of conversation among Rotterdam's city governors. The great disappointment of having "lost" a liquefied natural gas (LNG) project to Eemshaven in Groningen province in the north-east of the country — a Government decision based on political grounds rather than on economic reality — has nearly been forgotten.

After the establishment of the major oil terminal on the reclaimed and still rather barren Meuse Flats, a second terminal is now under way in the port: an LPG terminal to be built by Shell and BP at the latter's Europort facilities. It requires investments totalling about Fl 700m and will have a maximum capacity of 300,000 tonnes.

After intense debates on the possible environmental and safety risks resulting from the future arrival of many more LPG tankers in the port, most parties involved, including Rotterdam city council, have now approved the terminal. The speed with which this scheme has moved is a good example of the city governors' new keenness to attract more activities to the port.

Agreements

But it is the coal sector in which Rotterdam hopes to score the most. In June this year, agreements were signed for the establishment of a large coal terminal, in which six internationally-active companies will cooperate (including Shell, BP and Esso).

Initially Fls 50m will be invested in the terminal, which should become operative at the end of 1983, handling 5.6m tonnes of coal annually. Rotterdam is certainly aiming to become, as has been the case in oil, Western Europe's leading coal centres. But this time the aim is to make provision for energy needs in the 1990s.

Mr. Jack Bax, in charge of

Welcomed

public relations at the port authority said: "After the oil boom comes the coal boom. These activities will come to Rotterdam. What other port can receive such large vessels? And remember, coal carriers will only become bigger in the future."

Though Rotterdam clearly has become less choosy about the new industries it attracts, it may well be taking on a renewed battle with the environment groups.

Michael van Os

Michael van Os

F van Lanschot Bankiers.



Specialists in all aspects of:
Foreign exchange and Euro-deposits.
Corporate Finance,
Short and medium term lending, Private placements and Bond dealing.

Head Office:
Hoge Steenweg 29,
5211 JN
's-Hertogenbosch,
The Netherlands,
telephone (073) 153911,
telex 50600. Branches: 14.

Rotterdam Office:
Westblaak 2, 3012 KK Rotterdam,
The Netherlands,
telephone (010) 332544, telex 28460.

London Representative Office:
1 Princess Street, London EC2P 2AH, telephone
(01) 8063263, telex 883078.

Curaçao:
F van Lanschot Bankiers (Curaçao) NV,
Willemstad, Curaçao, Netherlands Antilles,
telephone 1983, telex 3255.

Affiliated Institutions:
Atlantic International Bank Ltd. (London),
Greyhound Financial & Leasing Corporation AG (Zug).



The Dutch entrust 40% of their savings to one bank. What does this mean internationally?

Forty percent of all Dutch savings is entrusted to Rabobank. The bank therefore is in an ideal position to satisfy short, medium and long term financing requirements.

Rabobank Nederland* is also active in the Euro-currency and Eurobond markets, foreign exchange, Eurocredits and new issues.

Rabobank Nederland is a member of the Unico Banking Group, in which 6 major European co-operative banks work together. As a group these banks have total assets of some US\$ 400 billion and 36,000 offices.

Total assets of more than 86 billion Dutch guilders (approx. US\$ 45 billion) place Rabobank among the 25 largest banks in the world.

Which means, that it might be to your interest to consult Rabobank Nederland.



"Rembrandt and Saskia (1636). Teylers museum, Haarlem".

Rembrandt country is Rabobank country.

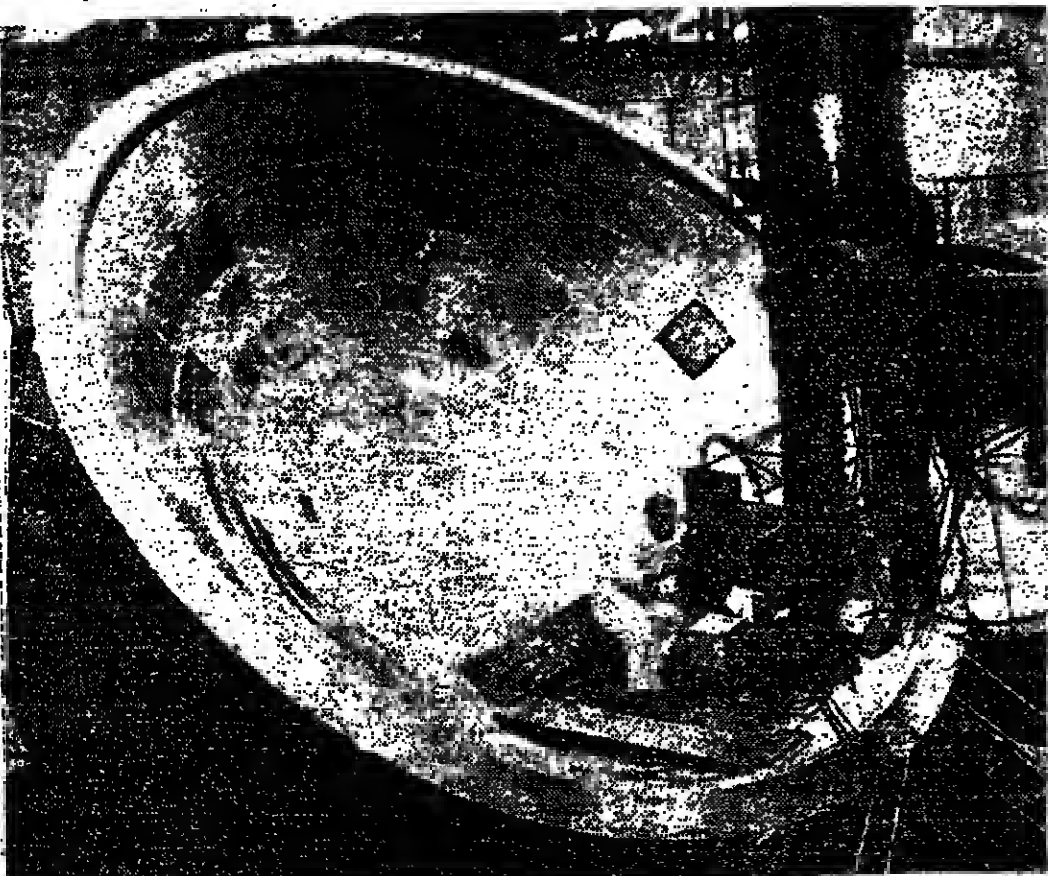
The country which inspired Rembrandt's internationally acclaimed masterpieces has inspired the Rabobank to create services of worldwide importance.

Rabobank Nederland, International Division, Catharijnesingel 30, 3511 GB Utrecht, the Netherlands. Telephone: (0)30-362004.

Representative Office Frankfurt, Friedrich-Ebert-Anlage 2-14, D-6000 Frankfurt am Main 1, West Germany. Telephone: (0)611-751076/751077.

Rabobank
Dutch Masters in Banking.

*Member of the UNICO BANKING GROUP



Overlay cladding of a bottom head for a reactor pressure vessel—one of the products of the Rhine-Schelde-Verolme engineering and shipbuilding group at Rotterdam

Mees & zoonen. Rotterdam based insurance brokers and employee benefit consultants. One of the leading specialists on the continent. Bringing more than two and a half centuries of insurance expertise to industry, shipping and commerce.

Mees & zoonen

Insurance Brokers and Employee Benefit Consultants

Van Vollenhovenstraat 3, 3016 BE Rotterdam.
Phone 010 - 366277 - Telex 22405 RMZAS NL -
Cable address Meesassurantie.



Van Ommeren: improved performance



ocean shipping
tank storage
inland tank shipping
agencies and transport
trading
insurance

The interim report 1980 is available on request.
Inquiries by telephone or letter may be addressed to
Phs. van Ommeren NV, public relations department,
P.O. Box 1923, 3000 BX Rotterdam, telephone (10) 64 21 27

VAN OMMEREN
Westerlaan 10 Rotterdam telex 21616

New grain crops join traditional cargoes

IF THE United States has become the grain basket of the world, then the port of Rotterdam has become the channel for much of that grain to the bakers and the cattle farmers of Europe. And while EEC levies encourage the growing of more grain in Europe, produce ranging from tapioca from Thailand to soybeans from Brazil have increased in importance.

Alongside the activities of the shippers and distributors, Rotterdam is the home of an active market trading grains, oil seeds and derivatives. Shippers and trader can balance their surpluses and shortages in a wide range of products or take up speculative positions in Europe hours before the opening of the more regulated U.S. markets in New York and Chicago.

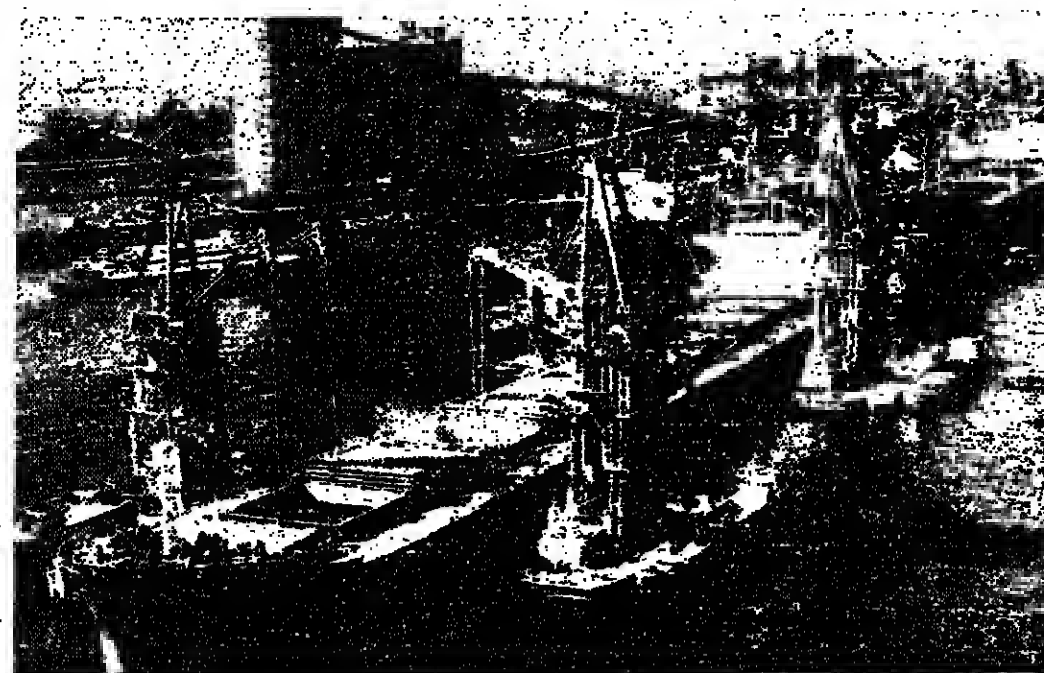
In 1979 Rotterdam handled 18.6m tonnes of grains, oil seeds and derivatives—the by-products of grains and of the oilseed processing industry. These products together accounted for just over six per cent of the total tonnage handled by the port and were the third largest category of cargo after oil and ores. Last year saw a slight decline in the volume of shipments from the 19.7m tonnes handled in 1978. This was the result of the extremely good European grain harvest which reduced the need for imports.

Fifty-three per cent of the grains and derivatives handled by the north European ports pass through Rotterdam. Nearly 90 per cent of Rotterdam's share is handled by the Grain Elevator Mij (GEM), an unusual organisation in that it is owned jointly by shipping companies, grain traders and the grain processors. Only 30 per cent of the products handled remain in the Netherlands, with 30 per cent going on to West Germany, 11 per cent to the United Kingdom, 10 per cent to Belgium and Luxembourg, 3 per cent to France and the remaining 9 per cent to other destinations.

Rotterdam owes its predominance in the north European grain trade, as in other sectors, to its prime geographic position at the mouth of the Rhine, and to excellent transport links by water, road and rail to the rest of Europe. The port authorities and the companies involved have also ensured that money has been invested in deep water harbours, storage capacity and modern handling equipment.

GEM has just completed a £1.150m (\$77m) expansion programme in Europe, building a new terminal which can handle 12m tonnes of grain a year. This brings GEM's total capacity to Rotterdam to 25m tonnes. Further spending is being made on high-speed, floating elevators. The new terminal can simultaneously discharge two 200,000 dwt bulk carriers as well as one 150,000 dwt vessel.

The past few years have seen a rapid shift away from the traditional grains, such as wheat, corn and barley, towards derivatives and to crops such as tapioca from Thailand and In-



Grain vessels unload at Graan Elevator Maatschappij's Europoort terminal

donesia. These new cargoes accounted for 30 per cent of all cargoes in 1979, though by the end of the decade their share of shipments had risen to just over half. This has been prompted by Common Market levies of up to 100 per cent on grains and the desire of the compound feedstuffs industry to develop cheap alternatives. This objective has led to the inclusion of products as esoteric as citrus fruit pulp from Florida and potato slices from China in the diet of European cattle.

Pellets

The introduction of these new crops has not been without its problems. Tapioca, which is imported in the form of pellets compressed from the root of the cassava plant, amounted to 6m tonnes in the record year 1979.

The rapid penetration of tapioca into markets traditionally held by grains has brought protests by European farmers and appeals to the European Commission to limit imports or raise the low rate of levy imposed—only 6 per cent. The poor harvest in Thailand, which is the main producer, led to a fall in Western European imports last year to 3.9m tonnes. But other countries, notably Brazil, Indonesia and Tanzania, made up some of the Thai shortfall.

Concern among EEC farmers prompted the Brussels authorities to persuade the Thai Government that exports in 1979 should not exceed the previous year's level. Negotiations over export levels in 1980 and subsequent years are meant to lead to a further gradual reduction. In return, the EEC is to provide funds to help Thai farmers cultivate alternative crops, despite widespread doubt as to the likely effectiveness of such a programme.

GEM's managing director, Mr. Pieter van der Vorm, is critical of EEC moves to restrict the introduction of new

and cheaper animal feeds. "Many of these derivatives can only be used for cattle feed and this can only happen in countries with an advanced processing industry such as the Netherlands. If we don't use these derivatives then we must use grain for which there is a world shortage. These products also allow developing countries to increase their exports."

The controversy which has built up around the cassava root illustrates the vulnerability of a port like Rotterdam to political decisions at EEC and international level. "We earn more handling derivatives because the tariffs are higher but we are very dependent on EEC policies," said Mr. van der Vorm. "There are practically no levies on derivatives. If this situation changed it would have enormous consequences for us."

Another political dispute has meant that Rotterdam has been unable to profit from the enormous growth in grain shipments from the U.S. since 1973. The refusal of the Dutch Government to allow the Soviet Union to establish consulates in Rotterdam and Amsterdam prompted a Soviet boycott of the port of Rotterdam for grain transshipments. Nevertheless, Soviet requirements have risen so sharply that it is now being forced to reconsider using Rotterdam, said Mr. van der Vorm.

Talks between GEM and the Soviets were well advanced before the U.S. grain embargo ended hopes of a potentially major new source of business for the port. The embargo has cost Rotterdam several hundred thousand tonnes of grain shipments to the USSR this year, GEM said.

Grain and oilseeds trading in Rotterdam is now conducted almost entirely on the basis of telephone and telex contacts. The daily grain market in the stock exchange building has faded and participants now meet on the trading floor or on Monday mornings for social

rather than business reasons. Parallel markets exist alongside each other rather than on the lines of the Rotterdam spot oil market. Larger cargoes, typically of 5,000 to 10,000 tonnes, are traded on the spot market for shipment by coasters to Ireland, the UK and the Continent. The free on board market handles smaller shipments of 25 tonnes and upwards for large shipment to the farmer or the small mixed feed processor inland.

Apart from several dozen shippers, traders and brokers active in the Rotterdam area, French, German and British companies also keep close contact with the Rotterdam market.

Trust

While some spot trading is done, Rotterdam is primarily a futures market, trading for delivery up to a year ahead. Unlike the regulated Chicago grain market, contracts are concluded on the basis of trust. No regulatory commission exists to guarantee delivery and deposits are not required. A trader can however demand prepayment for delivery according to the standard contracts drawn up by the Comité van Graanhandelaars, which represents most of the participants in the grain business. But this is unusual.

The freedom of the Rotterdam market, and the absence of limit regulations which curb price fluctuations in Chicago, place their good and bad points. Trading may be freer but the risks are greater, according to one leading broking house.

Alongside the political uncertainties Rotterdam's grain trade is vulnerable to the weather and harvests to a greater extent than any other port activity. This year has seen a welcome recovery in shipments of grains and derivatives but tough competition from other European ports means Rotterdam is involved in a constant fight to defend its leading position.

Charles Batchelor

Container terminals near to saturation point

DETERMINED NOT to lose its share of nearly 40 per cent in Northern Europe's container traffic, Rotterdam is going ahead with the construction of a long-planned £1.300m, 125-acre "overflow" container terminal on the Maasvlakte. Rotterdam's present container facilities, dominated by the huge Europe Container Terminal (ECT), have nearly reached saturation point.

The new box terminal should appeal to short sea-trade, which will be able to avoid the 10-mile journey through the world's busiest port to the present terminals. However, present road and rail links to and from the Maasvlakte are less than adequate and there are plans for improvements to the land access.

In 1979, Rotterdam handled 1,187,404 containers of all sizes. In terms of Twenty Foot Equivalent Units (TEUs) this amounts to 1,733,753, making it by far the largest container port in Europe. Ideally, traffic is balanced, helping Rotterdam's success as a box port. A total of 883,443 TEUs were inbound and 868,309 were outbound. Indications are that figures this year are up by about 6 per cent. Traffic on the North Atlantic is heavy. With 195,571 TEUs inbound and 137,255 outbound. The Far East also has more inbound containers than outbound: the figures are 91,556 and 69,506 respectively.

Projections for future container flows indicate the need for an overflow terminal. The figures are based on the actual number of containers handled. By 1985, it is estimated that 1,633,000 containers of all sizes will be handled, but on present



Multi-Terminal's Waalhaven site, one of the terminals which have turned Rotterdam into the major European container port

growth, this figure may be a slight underestimate. More than 2m containers will be handled by 1990; by the year 2000, just over 3m boxes will go in and out of Rotterdam.

No figure of the volume of goods carried in containers are published in the Netherlands at present. Thus the projection is based on similar figures for West German ports. Also the "containerisability" of cargoes was taken into consideration. In 1976, the containerisation degree was 53 per cent for incoming goods and 69 per cent for outgoing goods. This is expected to be 100 per cent both ways by the turn of the century.

At that time it is expected that virtually all general cargo with the exception of oversized goods and logs will be handled

by container. This growth has been slower than expected because of inadequate container-handling facilities in the less developed countries.

As regards overland transport on the Continent, about 75 per cent of the containers are estimated to move by road (the Dutch handle 40 per cent of Europe's road haulage), while rail handles 20 per cent. Containerisation on the Rhine is gaining, but very slowly.

Aside from ECT, there are two other major container terminals, Multi-Terminals (operated by SHV and Pakhoed) and the Bell Line Terminal, handling the cross channel and Irish services of that shipping line. The overflow terminal is sorely needed,

and soon. The location of this new terminal became a bone of contention more than a decade ago, when containerisation was just gaining a foothold as a means of transport. At first it was planned to build it on the north side of the channel entrance, adjoining the terminal for the cross-channel services to Harwich. However, environmentalists, mostly farmers and residents who objected to the noise, stopped that. Other sites were then considered and rejected.

Maasvlakte was the only option available. At first, port planners felt that the newly created 6,000 acre site should be reserved for bulk goods needing deep water facilities. But the risk of overcrowding container services, clinched the decision. However, the area is extremely exposed and on windy days it may be difficult or even impossible to handle containers in a condition which also prevail in Bremerhaven.

The development of ECT, a success story of Rotterdam, was set up in 1967. ECT was set up in September of that year and handled its first vessel. The five years were a period of evolution; since then it has been characterised by growth and consolidation. Typical problem for a growing terminal, such as fast reception and delivery of containers, high productivity on ships' operations, efficient storage of containers were all met and overcome in the first years.

In the first full year, 25,000 containers were handled. This increased to 88,000 in 1979.

CONTINUED ON NEXT PAGE

ROTTERDAM VII

Controversy over oil market's activities

THE GROWING uncertainty surrounding world energy supplies has thrust the Rotterdam spot oil market to an unsought prominence. Claims of profiteering by the oil companies and traders who make up the market have led to calls by many Governments for curbs to be imposed.

The oil industry has reacted by pointing out the limitations of the market and asserted that much of the fault lies with the governments themselves, for attaching too much importance to what is only a marginal activity. The European Commission has carried out three investigations into the market and is due to report its conclusions to the EEC Council of Ministers later this year.

What is the Rotterdam oil market and why has it aroused such controversy? The title itself is misleading. The traders, brokers and companies involved do not meet on a trading floor in Rotterdam. The "market" consists of a chain of telephone and telex contacts between offices as far apart as London, Paris, Stockholm, New York and the Far and Middle East. One prominent trading company estimates that only about ten of the market participants are actually based in and around Rotterdam, whereas between 400 and 600 other more or less active ones are scattered around the world.

Fluctuate

In a market where no records are kept of the transactions, reliable data on its size are impossible to come by. However, it is generally agreed that the Rotterdam market amounts to 30m to 35m tonnes of oil products a year, equivalent to between 5 and 6 per cent of Western European demand.

Volumes fluctuate as energy crises come and go and the European commission reported that Rotterdam's share of total demand had risen to 8 per cent at one stage last year. These figures refer to products actually delivered. With cargoes changing hands as much as seven or eight times, traded volumes are much higher.

Rotterdam is largely an oil product market, handling only small volumes of crude oil. The products traded vary from season to season but include motor gasoline, the chemical energy feedstock Naptha jet grade kerosene, gas or heating oil and heavy fuel oils. The market tends to be dominated by heating oil, which can account for up to 70 per cent of turnover.

While the Rotterdam market

place is to be found anywhere there is access to a telephone or telex, there is some logic to the name since most of the parcels of oil become available in Rotterdam or the nearby ports of Antwerp in Belgium and Amsterdam. Rotterdam is the largest oil port in the world, handling 140m tonnes in 1979. Five large refineries belonging to Royal Dutch Shell, BP, Esso, Chevron and Gnlf Oil, with annual capacity of around 90m tonnes, line the banks of the Maas Estuary. Alongside are storage tank farms belonging to companies such as Paktank and Nieuwe Mater.

Despite careful planning by the large oil companies, the output of their refineries rarely matches precisely the demands of the market. The time-lag between setting up supply and refining programmes and the arrival of the crude oil at a west European port from the Middle East is a further complication. By the time the tanker completes its five-week journey, demand may have altered.

The Rotterdam market arose as a means for the oil majors to dispose of their surpluses, for which no use could be found within their own integrated organisations. Independent traders who saw a profit in anticipating the market and brokers who could make a living in bringing the two together soon appeared. As the momentum increased, some refineries—notably those around the Mediterranean—began producing specifically for the Rotterdam market. Countries such as Peru and Ecuador, which are keen to increase export earnings, and Rumania, Bulgaria and Poland, which are in need of convertible currencies, have recently become more regular participants.

The unregulated nature of the Rotterdam market means that participants deal with each other on a basis of trust. The small outlay required to set up as a market trader—an office desk and telephone—are all that are required—mean that many new participants start up when times are good, only to disappear when the going gets tough. Many small traders have gone out of business over the past two to three years.

"Many of the small companies lack the financial backing needed to cover the risks involved," said Mr. Hans Groen, a trader with the Transol group of companies. "Traders have been limiting the circle of customers with whom they will deal. You become more and

more sceptical in a falling market."

Traders are increasingly seeking financial guarantees from partners. "We are now asking for guarantees in the form of letters of credit, documentary credits, bank guarantees or advance payments," said Mr. Groen. "Everyone is looked at in terms of their credit-worthiness. It is very difficult to judge a company's overall liquidity position." Even the most well established companies are treated with caution in a falling market.

Commission

The dollar is the currency of the oil market for most deals, although occasionally a small European distributor will ask for the transaction to be carried out in German marks or Belgian francs. No extra fee is charged for the currency risk involved, but these non-dollar deals are declining. The commission charged by brokers is typically 25 U.S. cents a metric tonne, or more. Despite the "spot market" tag, deals may be concluded for delivery up to six or eight weeks ahead. But this is the absolute maximum. Most contracts are for delivery within 10 days.

Properly speaking there is not one but two parallel markets in Rotterdam. On the "large market," shipments of around 1,000 tonnes are traded for delivery by canal or river to inland European distributors. Much larger lots are traded on the "cargo market" for delivery to bigger international customers. About 60 to 65 per cent of the products traded on the large market go up to the Rhine for delivery to West Germany, and 30-35 per cent go to Switzerland. Smaller amounts are shipped to France, usually through Strasbourg, and to Belgium.

Price is of overwhelming importance in the Rotterdam market with very little differentiation by quality, delivery terms or credit conditions. It is this domination by the price element which has brought such odium on the market and its participants. Quite minor changes in demand, caused for example by a drop in temperature, can create conditions of absolute scarcity on the Rotterdam market.

An example provided by the Royal Dutch Shell group is of the gas-oil market. Rotterdam is believed to trade less than 10 per cent or 10m tonnes of the 100m tonnes of gas-oil consumed in north-west Europe during a normal winter. A

change in total demand of 1 per cent above or below expectations is equivalent to a swing of 10 per cent or more on the marginal Rotterdam market. This is the equivalent of one 20,000 tonne tanker cargo too much or too little every four days.

The water-level in the Rhine or the activities of independent storage companies emptying residual quantities from their tanks at the end of a month can also influence availability. These factors make for great instability of prices.

Except in times of extreme shortage, Rotterdam prices tend to be unreasonably low when set against the full costs of manufacturing. Rotterdam is a marginal market that reflects the costs of supplying small additional quantities of the product involved.

The oil industry tends to create new refining and storage capacity in advance of demand so the additional cost of operating equipment at above optimum capacity levels is low. But if a refiner were to sell his entire production at Rotterdam market price levels, he would barely cover crude oil costs, let alone finance new investments.

Governments seeking to establish maximum or minimum fair prices for oil products in their own country have turned to the Rotterdam oil market as a guide. Unwilling to trust prices supplied by the major oil companies, they have tended to look to the "free" Rotterdam market for guidance. So when Rotterdam oil prices swing wildly upwards in times of scarcity this has been seen as evidence of profiteering by the market's participants.

Controls

This has prompted calls for controls on the market by some EEC member countries, notably France, and led to three investigations by the EEC Commission. EEC officials carried out a six-month "checkrun" of Rotterdam oil market prices in 1978, returning for a second, more detailed, investigation between May 1979 and May 1980. The results of the second investigation, as well as the findings of a group of experts commissioned to study the feasibility of replacing the unregulated market with an official bourse, are due to be presented to the EEC Council of Ministers later this year.

The Commission's investigations have shown that the Rotterdam prices, on which many European countries base their energy pricing policies, genuinely reflect the state of the market. They have also revealed that the Rotterdam market is not an ideal point of reference.

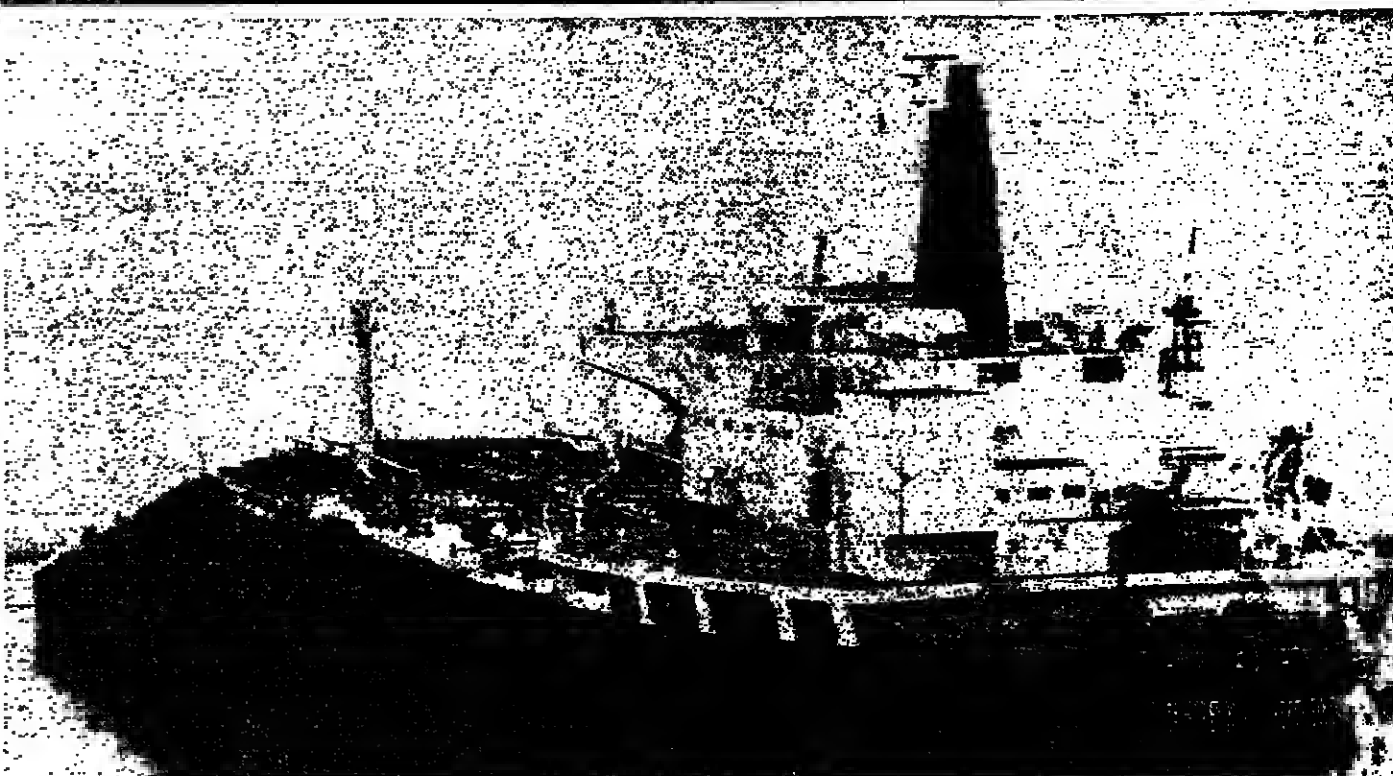
The problem does not lie with the market as such, but with the importance attached to the market by Governments, one EEC official commented. Rotterdam is a balancing market which reacts quickly and violently to changes in supply and demand. If Governments reject the Rotterdam prices, they will have to find a reliable substitute. At the moment there is no alternative, the official said.

The French idea of a regulated bourse also appears to have little chance of success. Traders could not be forced to use such a bourse, which would be expensive to establish and administer.

For all its limitations as a base for official pricing policies, the Rotterdam spot oil market has proved an efficient means for the world's oil industry to balance out its shortages and surpluses.

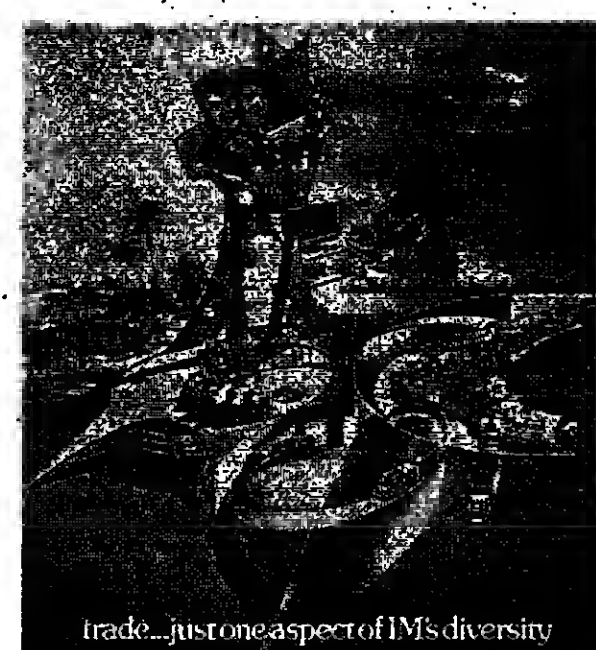
David Post

Charles Batchelor



Oil is one of Rotterdam port's staple commodities but the area was brought to a standstill in July when the Liberian supertanker Energy Concentration broke its back while unloading

adding it all up...



trade...just one aspect of IMS diversity

Our diversity finds expression in the two sub-divisions in the Trade Division. The Distributive Wholesale Trade Sub-division is mainly concerned with goods such as machine tools, internal transport equipment, office furniture and fittings, office computers, laboratory, medical and dental installations and instruments, chemical and pharmaceutical products, fertiliser, yarns, paints and dyes etc. This activity is virtually always conducted on a national scale. The International Trade Sub-division is completely different in nature. It has a number of specialised operations engaged in trading in commodities on a worldwide basis. The companies are located in the United States, Great Britain, Switzerland and the Netherlands. Other activities in the field of international trade are handled from the Federal Republic of Germany, Japan, Singapore and Hong Kong.

internatio-müller group



transport...just one aspect of IMS diversity

The diversification of activities is also reflected in the Transport Division, though here there are many points of contact between the various operations. This division comprises three sub-divisions: Port Activities, Forwarding and Travel Agencies. The Port Activities Sub-division consists of a network of shipping agencies in the Netherlands, Belgium, the Federal Republic of Germany and the United Kingdom. These agencies are the forwarding companies in Rotterdam, Amsterdam, Antwerp and Delft. There are also important participations in a container terminal and a bulk transshipment company. Forwarding companies specialise in organising transport which has built up a reputation in cargo groupage services, road haulage, warehousing and distribution, air freight forwarding and aircraft handling. With six branches in the Netherlands and an office in the United States, the Travel Agencies have a logical extension of the transport services.

internatio-müller group



contracting...just one aspect of IMS diversity

The principle of diversification is also exemplified in the Contracting Division. The Electrical Engineering Sub-division operates in a broad field involving such activities as the design and erection of installations above and below ground. The electronic sector has a position of growing importance here. The design, assembly, installation and supply of automatic systems for the regulation of variable working loads are all part of this. And that also goes for equipment for data and radio communications and measuring and test instrumentation. Not forgetting the installation of analog and hybrid computers for simulation purposes. The design and installation of central heating, air-conditioning and sanitary installations is the most important specialty of the Mechanical Engineering Sub-division. And a characteristic of the Dredging and Earthmoving Sub-division is its mobility.

internatio-müller group



manufacturing...just one aspect of IMS diversity

Diversification is also reflected in the Manufacturing Division in a number of differentiated operating companies. These enterprises specialise in the development, production and sale of mainly metal products such as accessories for central heating installations, accounting components, gas and oil burners for industrial processes, gas and electric boilers, gas and electric cookers, gas stoves and fires, electric domestic appliances and stainless steel milk cooking tanks. Added to that, there are centrifugal fans and other equipment for extracting dust, vapours and odours as well as metal acoustic ceilings. Other IM products which are also widely known include fire-fighting equipment and installations, such as extinguishers, fire trucks and maintenance for airports as well as sprinkler systems.

internatio-müller group

Terminals

CONTINUED FROM PREVIOUS PAGE

to 125,000 in 1969 and had reached 295,000 by 1972. The following year saw a dramatic increase to 465,000 units and the terminal has never looked back. It now handles over a million boxes a year, and is probably the largest single container terminal in the world.

The rapid increase in container traffic at ECT called for a new integrated organisational structure and operations are now divided into seven separate operations: export, import, empty, rail, container freight station, short sea and roll-on/roll-off. ECT also works closely with the trade unions and arranged a collective labour agreement for manning 24 hours a day, seven days a week.

The operational system consists of three terminals: the marina terminal, the land terminal and the control terminal. The marina terminal has four departments: export, import,

rail and re-ro.

The export department involves all containers destined to leave by ship. These boxes are stacked in a special area arranged by shipping line (ECT serves approximately 30 lines, mostly ocean-going), ship, destination, weight, size and other specifications. For loading, the containers are unstacked and placed into terminal chassis and transported to the loading area.

The sequence of supply is in accordance with the ship's stowage plan. Stacking of containers in the export stacking area is carried out by means of straddle carriers and huge stacking cranes. The whole operation is highly automated.

Similar arrangements are maintained by the import and rail departments. The land terminal adjacent to the marina terminal operates separately. Since the handling of empty containers forms a substantial

part of the container volume at ECT (but are not reflected in the figures), there is a special empty department where containers are block-stowed according to line, size and type.

On arrival of containers, a set of cards is punched. The necessary particulars are taken from documents received from agents and customs authorities. One card is used as a guide and accompanies each container.

Other cards, for "location" and "planning," are handled by other departments. All information from the punch cards is fed into ECT's on-line computer system which enables them to call back any information on a visual display system.

The overflow terminal on the Maasvlakte will be similar in size and operation as ECT, although other firms may work there.

David Post

Charles Batchelor

NV SLAVENBURG'S BANK

Slavenburg's Banking is Tailored Banking

Tailored Banking is a client-oriented philosophy - it means adapting our services to suit your needs as well as providing the services you want.

Slavenburg-at your service

Head Office in Rotterdam

63 Coolsingel
3012 AB Rotterdam
Telephone (10) 695911



100 Branches in The Netherlands.

Affiliations in New York, Los Angeles, Curaçao, Brussels, Antwerp, Hamburg, Frankfurt, Düsseldorf, Zürich, Genève.





Mr R. C. Spinoso Cattela, Member of the Board of Management, N.V. Philips, Gloeilampenfabrieken, Eindhoven, The Netherlands.

“Behind you Mr Spinoso Cattela is the exhibition that sums up Philips... Man, Technology and the Future. How do you see the future for Philips?”

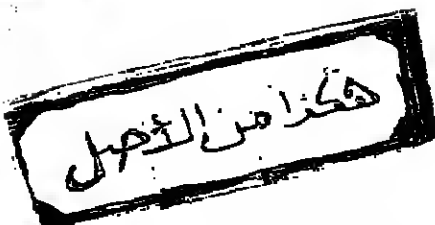
“That's a very big question. And it should not just be seen in terms of financial statistics. The future depends on a complex relationship between finance, business and politics.”

“With Philips world-wide operations how do you like to keep in touch with developments in those areas?”

“I read the Financial Times.”



Europe's
Business Newspaper



I also want to read the Financial Times every day.
OUTSIDE THE UK: return the coupon below:
FOR CONTINENTAL EUROPE: Financial Times (Europe), Frankenallee 68-72, D-6000 Frankfurt am Main 1, West Germany.
FOR THE USA: Financial Times, 75 Rockefeller Plaza, New York, NY 10019, United States of America.
FOR THE REST OF THE WORLD: Circulation Department, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY, England.

Please send me details of how to place a regular order.

NAME _____
POSITION _____
COMPANY _____
ADDRESS _____
TELEPHONE _____ TELEX _____
NATURE OF BUSINESS _____

WITHIN THE UK: See your newsagent and place a regular order.

TO: NAME _____
ADDRESS _____
(fill in the name and address of your newsagent)
Please arrange to supply the Financial Times to me at the address below, every day until further notice and charge me accordingly.

NAME _____
ADDRESS _____
POSTCODE _____

If you have difficulty placing an order contact: Circulation Department, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

In the wake of Chancellor Schmidt's call for more OPEC aid to the Third World, James Buxton reports on

The promises OPEC has yet to keep

EVERY FOURTH of a tanker calls at a Saudi Arabian oil terminal to collect 50,000 tons of crude oil allocated under a government-to-government contract to Sudan. But sometimes Sudan does not have the foreign exchange to pay for its allocation, so the tanker is turned away.

In Khartoum, the Sudanese capital, drivers push their cars to the head of a filling station queue which sometimes lasts for days. In the countryside, construction machinery and tractors frequently stand idle and irrigation pumps putter to a halt. A sophisticated telecommunications system, using both microwave and satellite, runs at a tiny fraction of capacity for lack of fuel to power its generators.

Not all Sudan's fuel-supply problems are due to the problems of obtaining crude, nor are its balance-of-payments difficulties solely due to the price of oil. It has received considerable aid for development projects and a little to help its balance of payments. Yet oil imports this year will still account for 60 per cent of export earnings.

Sudan is a classic example of a major problem in the developing world, highlighted on Monday by Chancellor Helmut Schmidt in a highly critical speech about OPEC. Without enough foreign exchange in the bank to pay for oil, ambitious projects to increase exports are at best delayed, at worst aborted.

This year developing countries are going to pile up current account deficits of \$65bn and pay \$35bn more for oil than they did in 1978. Few of them are expecting much growth, and anger is steadily mounting against the OPEC countries.

For, with a few notable exceptions, the OPEC states have not so far responded to the plight of the developing

countries in the wake of the 1973-80 oil price rises. Their performance as aid givers has been deteriorating, and most of their aid has gone to a tiny number of states. The gap between what has been promised and what has been paid over is at least in the case of Africa south of the Sahara, staggering.

For a week or so, industrial countries and the developing world have been locked in argument at the UN Special Session over world economic problems in the wake of the latest oil crisis, but with only one OPEC state initially in attendance. Next week OPEC will meet in Vienna to review its Long Term Strategy, which foresees the indexation of oil prices but also greatly increased aid to developing countries. But like many proposals for increased aid, both inside and outside OPEC, it is in danger of being begged down in internal dissension.

OPEC's first line of defence against criticism is that it sees no obligation to compensate consumers for oil price rises.

The jealous eyes of poorer states

Part of the recent 150 per cent oil price rise was merely a catching up for the years of relatively falling oil prices after the 1974 explosion, it argues. Producers of no other commodity compensate their customers for price increases and the OPEC states are themselves developing countries with development needs of their own.

The total OPEC payments surplus—likely to amount to \$120bn this year—will be largely deployed in the West and jealously eyed by poorer states: but the oil states view much of it as unwanted liquidity which

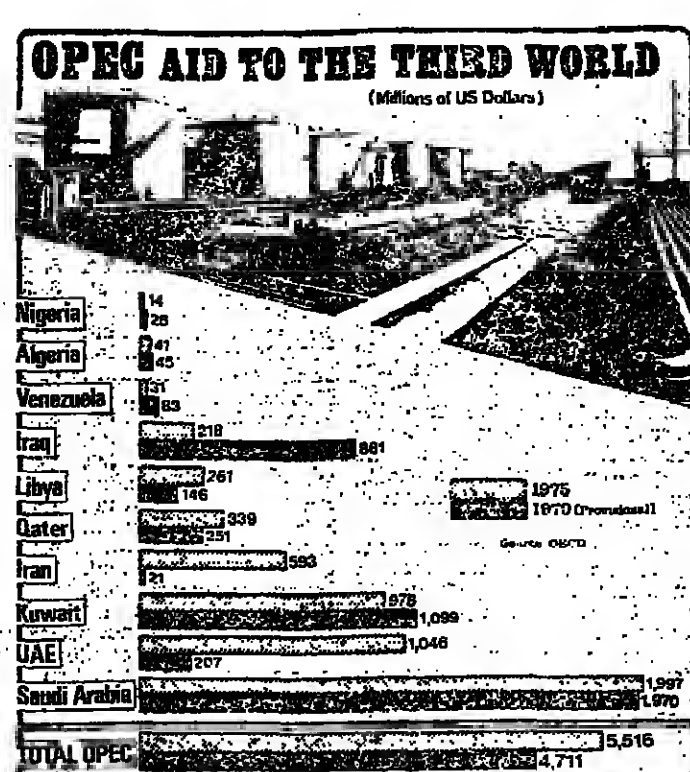
they would be better off leaving as oil in the ground.

Despite these reservations, several OPEC countries—notably Saudi Arabia, Kuwait, Iraq and the United Arab Emirates—became substantial aid donors after the 1973 oil shock, justifying their assistance on the grounds of Third World solidarity. Collectively OPEC's performance in terms of aid disbursed as a proportion of GNP still surpasses that of the West, even though the Western countries are 10 times more generous by this yardstick than the rarely criticised Soviet bloc.

As a percentage of GNP, aid disbursements by OPEC states reached a peak of 2.71 per cent in 1975 against the UN's target of 0.7 per cent. In that year Saudi Arabia and Kuwait were giving 5.4 and 8 per cent respectively. For the OECD countries the proportion has hovered round the 0.34 per cent mark for the past decade.

The OPEC states have not only made some big contributions to existing multilateral organisations, but set up new multilateral and bilateral aid funds of their own. Between 1973 and 1979 net disbursements of aid by OPEC states totalled \$30bn and OPEC co-financed many valuable projects in developing countries with Western aid donors, often funding schemes that might otherwise never get off the drawing board. Nor has OPEC aid been tied to the purchase of OPEC states' manufactured goods (they have virtually none) nor to the employment of their technicians (they cannot be spared).

All this, however, hides the fact that in the past two to three years, the picture has changed. Iran has all but stopped giving aid, ending what under the Shah had been a generous programme. In 1978 Saudi Arabia reached its lowest point since 1973 (at \$1.45bn) though it increased (to



\$1.97bn) last year.

Provisional figures from the United Arab Emirates, which may be revised upwards later, suggest a drastic drop in 1979 (to only \$207m, against \$1.17bn in 1978). Last year only Iraq recorded a major increase in aid (from \$172m to \$861m).

In some respects these figures present an unfair picture of OPEC's aid performance because failure to disburse may be due to the inefficiency of the country implementing the project (though it may also be due to its lack of petrol). But commitments of aid by OPEC states fell in 1979 to less than half the \$8.2bn they amounted to in 1978.

Nor do the overall figures show the very high concentration of OPEC aid on a few

recipients, mainly the Arab states controlling Israel. In 1978 some 65 per cent of OPEC aid went to only seven countries, five Arab states plus India and Pakistan. In fact the bulk of OPEC aid does not flow in a supposedly orderly way through aid institutions but is in the form of direct transfers from the countries' Ministries of Finance.

It is probably in sub-Saharan Africa, where most of the world's poorest states are, that the greatest bitterness is felt over OPEC aid. Frustration boiled over in 1977 when an Arab-African summit was held in Cairo. In a widely-publicised session led by Prince Saud al Faisal, the Saudi Foreign Minister, four Arab states, Saudi Arabia, Kuwait,

the UAE and Qatar, agreed to commit \$1.49bn to Africa over the next five years. A portion of the money was to go to boost the capital of two existing multilateral aid-giving institutions and almost all the rest would be understood, he added to be the capital of the donor states' bilateral funds and earmarked for Africa.

Nearly 31 years later, only about \$80m from that munificent pledge has been redeemed. Only a small part of the capital pledged to specific institutions has been paid up, while the four donor states' bilateral funds have not received extra capital earmarked for Africa. The four states' regular commitments of aid to Africa, which were expected to continue irrespective of the addition of new capital, have actually declined steadily from 1977 onwards, and disbursements have gone down too.

Yet despite the defensive polemics in response to criticism by Chancellor Schmidt of Germany and other Western countries—several of which, including Britain, are cutting their aid budgets to reduce Government spending—OPEC states tacitly accept that they ought to do something to assist the poorer developing countries in the wake of the latest oil price rises.

Without waiting for a collective OPEC response some states have launched their own initiatives. Iraqi aid has shot up because of a scheme begun last year to provide long-term interest-free loans to poor countries to cover the purchase of oil. Venezuela has joined non-OPEC Mexico in agreeing last month to provide nine Caribbean and Central American states with 160,000 barrels of crude a day on generous credit terms with an incentive to develop their own energy resources.

The OPEC Fund, based in

Vienna, has had its capital increased from \$1.8bn to \$4bn, and is again giving priority to balance of payments loans.

For more than a year OPEC countries have been steadily formulating schemes for a big increase in the aid the organisation provides on a collective basis. The OPEC Long-Term Strategy, whose chief feature is a system of indexing oil prices to ensure steady but predictable rises, endorsed an Iraqi proposal for a joint fund for energy and development to which both OPEC and the industrial countries would contribute. But at a meeting last May in Taif, Saudi Arabia, to review the strategy OPEC members agreed in principle on schemes which did not rely on contributions

A fine idea, but little publicity

from the industrial countries, that being regarded as an unrealistic hope.

The conclusion at Taif was that the OPEC Fund's capital should be increased to \$20bn, and that OPEC would help finance developing countries' oil purchases according to a country's wealth—grants for the very poorest, loans for the rest on terms varying from concessionary to commercial. The idea seems fine, apparently striking at the developing countries' chief problem, while avoiding vast subsidies to relatively wealthy developing countries such as Brazil.

But surprisingly little publicity has been given to the scheme. It is due to be discussed in Vienna next week when OPEC Ministers meet to consider the whole long-term strategy in advance of the OPEC summit in Baghdad in October. It is far from certain that the

Taif proposals on indexation will be adopted, though Saudi Arabia's recently reported planned production cut may pave the way; even if they are, the aid schemes still face difficulties. Although a third of OPEC aid disbursements in the past seven years have been contributions to multilateral funds, the wealthiest OPEC states—Saudi Arabia, Kuwait, Iraq and the United Arab Emirates—have little love for multilateral operations.

What OPEC does is also constrained by the sour relations among the three global parties—itsself, the industrial states and the developing world. While Israel takes increasingly controversial action on Jerusalem and the occupied territories, which the Arabs see the U.S. doing nothing to stop, an Arab move that helps the Western countries is unlikely. The possibility of Arab states lending on commercial terms to boost the capital of the IMF is currently threatened by a fierce row over the status of the Palestine Liberation Organisation.

For their part the industrial countries do not want formal negotiations with OPEC as a body, if that simply means listening to OPEC insisting on concessions on aid and access to Western markets for OPEC's growing industrial exports, while also raising oil prices.

The OPEC states have taken virtually no part in the current UN Special Session, now bogged down in procedural wrangling, but they are theoretically on the side of the developing countries. Next year all the countries in the world are being brought together for the Global Negotiations, which may well mean that action is further postponed, as OPEC waits to see what, if anything, the industrial countries come up with.

Meanwhile, in Khartoum and a thousand other cities the petrol pump queues lengthen.

Buffoonery of monetarism

From Mr. Robert Sheldon, MP. Sir—Peter Riddell (September 5) intentions: the various methods of reducing the exchange rate. He rightly echoes the Governor of the Bank of England who, in evidence to the Treasury and Civil Service Committee, referred to the uncertain relationship between interest rates and the exchange rate. On a relationship however exists which is clear and reliable. The sales of sterling by the Bank would unquestionably reduce its level. That was the position before the pound was untapped in 1977 and allowed to float upwards. Such action does, of course, increase the money supply although some offsetting action may be taken. Now that we are all able to witness the current buffoonery of monetarism, why should we be stuck with a level of the pound which is ruining industry, will bankrupt viable companies, and will lead us from recession to slump? Robert Sheldon, House of Commons, London, SW1

Our crumbling buildings

From the Chief Executive of Portland Associates. Sir—Is it not a sorry reflection on our construction processes that so many buildings are now showing expensive signs of disrepair? Numbers are tending to shed bits and pieces on to unsuspecting pedestrians below with their owners having to seek expert remedial advice from firms such as this and others. It is sorry because, in my opinion, it was, and is, largely avoidable. During construction many building promoters (and architects) are reluctant to accept the costs of competent independent supervision of the structural work. Construction faults are then missed, only to lead to major troubles and costs years later. It is true that there are also bad design details but in any competent design organisation these should be checked out before getting to the construction stage. But good site supervision should reveal these for reconsideration before it is too late.

"Penny wise—pound foolish" is a dictum which is, unfortunately, ignored in hard economic times. Peter Mason, Chief Executive, Portland Associates, 41, Strandham High Road, London SW16

Popular apples

From the Chairman, The Apple and Pear Development Council. Sir—Mr. Kimberley in his letter (September 5) to you says "If our apple growers would get off their backsides..." I am not a grower and I am sure that any of them could express their views more clearly to Mr. Kimberley than I can. But on behalf of the industry, I can make a few brief points. 1—The rules of the EEC make it much easier to impose quality control and market management when one is exporting to other member countries than when one is supplying one's own home market. Mr.

Letters to the Editor

Kimberley should visit some French fruit stalls to prove the point to himself.

2—The apple growers are off their backsides and are initiating new quality control operations for the UK market. We are test marketing this during the coming season on our largest dessert variety—the Cox. 3—Nevertheless while the climate in which we grow our apples compared with the French produces an end product of infinitely superior taste, this climate also militates against large, uniform evenly sized end, in my view, tasteful apples. If Mr. Kimberley feels that this is a deficiency, then we will be only too ready to remedy it. Richard Venables, Union House, The Pentiles, Tunbridge Wells.

The loss of ITMA

From the Chairman, Smith Whitworth. Sir—This is the second time in 12 years that Britain has lost the opportunity to host ITMA, the leading International Textile Machinery Exhibition. You have already reported on the projected loss of income in 1983. However, the loss of prestige and goodwill cannot be calculated in financial terms and is bound to further erode confidence in the British textile and textile machinery industry and beyond.

I believe it is incorrect and therefore inappropriate to blame Cematex for changing the venue, for financial reasons, to Milan. The Hannover Fair authorities, German trade unionists and the European machinery manufacturers who represent the majority of the exhibitors wanted Britain to stage this important event. They offered both help and co-operation.

However, it would appear that once again antiquated committee procedures failed to grasp the nettle by appointing, in good time, a qualified Supreme with a successful track record to implement policy, thereby earning confidence to our friends in Europe and developing a comprehensive approach between NEC, ITMA, Government, and the many other organisations whose support is so essential to ultimate success.

It is salutary but sad when one considers that we excel in staging international sporting events and yet seem to fail in taking advantage of industrial opportunities. T. W. Borges, Newmark House, 143-9, Great Portland Street, W1.

Motorbike testimonial

From Lord Heskest. Sir—You, our correspondent, writing on my company's offer for sale of 1.8m shares (September 5) has one point wrong which I believe requires correction. He wrote that "it is a pity the V1000 (motorcycle) has not been submitted for full independent testing before coming to the market." Sir, it is reasonable to assert that no motorcycle manufacturer would consider it wise to release a prototype for the sort of test which I believe your correspondent had in mind, so far in advance of production which, in our case, is expected to be spring, 1981. However, our attention to providing answers to the sort

of inquiries we expected to receive on all aspects of our approach to the City for capital—which I hope contributed to your correspondent's fair and balanced approach—included consideration of all "independent testing." Your correspondent may not have been present but, immediately after our chairman, Sir Barry Heath, closed the formal proceedings of our Press conference at Messrs. Greyhound and Co. on September 4, we screened a short film.

This film was made by David Minton of Thames Television's "Wheels" programme and was broadcast on May 7, 1980. Sir Barry Heath, lightheartedly referred to the film as being an "unsolicited testimonial" but there, in living colour, was just that: a glowing review of our product that we could proudly add to the similarly enthusiastic reviews of the specialist Press which were reproduced for the Press conference pack provided to journalists.

Heskest. Deputy Chairman, Heskest Motorcycles, Easton, Newton, Towcester, Northants.

Convertible currency

From Mr. Douglas Wood and Mr. James Byrne. Sir—The disastrous effect of inflation, high interest charges and a strong pound on the competitiveness of UK manufacturing has received widespread publicity and is only justified by the prospect of restoring monetary control. Unfortunately, high interest rates and an appreciating currency are circumstances which make it impossible to maintain control of a convertible currency, since this combination guarantees abnormally high returns for foreign holders of sterling assets.

For some reason the Treasury seems to accept the transformation of domestic employment into profits for non-resident sterling holders as a necessary evil, but it need not be so. To cope with exactly the same situation, the Swiss imposed negative interest rates on non-resident deposits. For the UK the solution is even simpler—a withholding tax on all non-resident sterling deposits and investments in Government securities.

Not only would this lower the exchange rate through a capital account outflow but it would also remove the absurd anomaly whereby the Treasury effectively pays more for national debt placed with non-residents than it is willing to offer to its own taxed citizens. Douglas Wood, James Byrne, International Banking Centre, Manchester Business School, University of Manchester.

Terror in toothpaste

From Mr. W. F. Richardson. Sir—In his article, "The Terror in a Toothpaste Tube" (September 4), Mr. M. J. Waterson queries some of the theories about the side-effects of various products. He drew attention to the findings of a scientist which indicated that there are many differences to be found in those who stop smoking and that many of these differences, previously thought to be irrelevant to the effect that smoking has on heart disease, are, in fact, not irrelevant.

The correlation most commonly quoted is that between smoking and cancer, i.e., that as the degree of smoking increases, so does the incidence of cancer. While I would not dream of contradicting the "experts" who have "proved" this (to their own satisfaction), might it not be possible that people who have a propensity to cancer may, because of this propensity, have an inbuilt predilection for tobacco?

Would it not therefore follow that the less the inbuilt propensity, the easier it is for them to break the habit of smoking? W. F. Richardson, 34, Queen's Drive, Fulwood, Preston, Lancs.

Let the pundits keep quiet

From Mr. J. Broad. Sir—Now that academic and professional pundits are apparently agreed upon the incorrectness of Government economic policy, perhaps it is time for ordinary mortals like myself to believe that Mrs. Thatcher has indeed got it right and to hope that the pundits will stop pontificating in the media and revert to the needs of their students and clients. J. Broad, 74, Stanley Hill, Radlett, Herts.

Redundancy riddle

From Mr. J. D. Sutherland. Sir—You report that the leader of Wakefield Metropolitan Council states that the redundancies sought by the Government amongst local authority employees could not possibly come from administrative staff. Why not? J. D. Sutherland, 41, Westella Way, Kirkella, Hull, North Humberside.

Stunting growth of business

From Mr. D. V. Bloomfield. Sir—Mr. F. V. Savage (September 6) highlights the restrictive practices employed by each county council within the Home Counties. The worst aspect of these policies is the degree to which employment is impaired, as businesses are prevented from moving within the area. The Government is preaching the need to sweep away measures preventing the growth of business and yet the planning policies are designed to do just that. David W. Bloomfield, 30, Hillcroft Crescent, Ealing, London, W5.

Belief in what the cards say

From Mr. S. Ashmore. Sir—It was amusing, in a pleasing sort of way, to be told during a recent pre-flight check from Birmingham Airport that confirmation of one's signature on the duck's-egg-greenish-blonc card, declaring what one has been about while in England, can be established through a credit card. Upon suggesting my passport as a possible alternative, I was told that it would do nicely. S. Ashmore, Mount Vernon, Beech Hill Park Ave., Knockbreda, Co. Down.

Today's Events

UK: National and Local Government Officers Association pay negotiations resume. Liberal Party assembly continues, Blackpool.

Mr. Derek March, senior British trade commissioner, discusses trade and investment in Hong Kong, Birmingham Chamber of Commerce.

Sir George Young, Health under secretary, speaks on delinquency, Essex University, Colchester.

Produce Packaging and Marketing Association seminar on Average weights—how does this affect you? London. Mrs. Margaret Thatcher attends first annual dinner of Now magazine, Savoy Hotel, London.

Two-day National Bakers Buying Fair opens, Hotel Russell, London.

Two-day Food Processing Industry Exhibition opens, Centre Airport Hotel, London.

Two-day National Federation of Roofing Contractors Exhibition opens, New Horticultural Hall, London.

Overseas: Energy Ministers of Mexico, Argentina, Brazil, Venezuela, Colombia, Ecuador, Dominican Republic and Costa Rica meet in Caracas to discuss an Inter-American energy co-operation programme.

NATO maritime exercise Teamwork 80 in North Atlantic and North Sea (until September 24).

OFFICIAL STATISTICS Department of the Environment gives details of construction output for the second quarter.

COMPANY MEETINGS Courts (Furnishers), Crown House, Morden, Surrey, 11. Danac Investment Trust, 44 Bloomsbury Square, WC, 12.30. Hollas, Century House, Ashley Road, Hale, Altrincham, Cheshire, 11. Rothmans Inter-

national, Dorchester Hotel, Park Lane, W, 12.30. S. W. Wood, Winchester House, 100 Old Broad Street, EC, 12.

COMPANY RESULTS Final dividends: Robert M. Douglas Holdings, Harrisons Malaysian Estate, Interim dividends: Babcock International, Sanro Consolidated Industries, British Vita, BSR, Carpets International, Cassat, Dorada Holdings, A. A. Jones and Shipman, Lead Industries Group, Levland Paint and Wallpaper, Montford (Knitting Mills), Newbold and Burton Holdings, Nurdin and Peacock, Peninsular and Oriental Steam Navigation, Portals Holdings, Thomas Tilling, Interim figures: William Collins and Sons Holdings.

... Not with us.

We know all about space, industrial space, warehouse space, and office space.

So when looking for space contact Bernard Thorpe and Partners.

Bernard Thorpe and Partners

1, Buckingham Palace Road, London SW1
Telephone: 01-834 6890 Telex: 8813389

UK COMPANY NEWS

BICC improves and expects rise for year

PROFITS BEFORE tax of BICC, the cable making, industrial and engineering group, rose 23.2 per cent from £27.6m to £34m in the half year to June 30 and Sir Raymond Pennock, chairman, expects the year's profits to show an improvement over last year's record £55.6m.

However, as he indicated at the annual meeting, the chairman warns that the second half performance will be adversely affected by a decline in the level of UK business and a narrowing of margins at home and abroad.

The interim dividend is lifted from 2.75p to 3.03p—the previous final was 5.53p. Stated earnings per 50p share are 10.05p against 10.64p but last year's figure included 3.07p from release of prior years' deferred tax provisions.

First half sales at £679.5m were 23 per cent higher in value terms but volume was virtually unchanged as inflationary increases in wage and material costs were reflected in selling prices.

The profit increase reflects a major improvement at BICC Cables which continued to benefit from action taken to improve overall efficiency.

	1980	1979
UK sales	307.7	253.9
Exports	122.2	67.7
Overseas	265.5	210.2
Total sales	573.2	464.1
Operating profit	40.6	32.4
Finance charges	6.6	6.6
Profit before tax	34.0	25.8
Tax	14.8	7.7
Net profit	19.2	18.1
Minorities & well div.	3.8	4.0
Attributable ordinary	15.4	14.1
Ordinary dividends	4.7	4.2

Lex, Back Page

Land Investors maintains 1p

Taxable revenue of Land Investors for the year to March 24, 1980, rose from £2.34m to £2.42m. The tax charge was £1.18m, compared with £1.21m last time. The total dividend for the period is maintained at 1p net, with a final of 0.8p. At mid-term, pre-tax profits were £1.16m.

HIGHLIGHTS

Although the money supply and Government borrowing figures released yesterday were far from encouraging the gilt-edged market chose to concentrate on a highly optimistic statement coming out of the Treasury and the Lex column considers whether the market's buoyancy can be justified. Three corporate results are also considered. BICC's profits are up thanks to the cable side but trading for the group is looking tighter for the rest of the year. Reckitt and Colman produced very disappointing results even allowing for the strength of sterling. Standard and Chartered produced some very good figures with a rise in profits of over 40 per cent. On the inside pages Bowater's announcement reveals that a rise in U.S. profits was more than counterbalanced by a squeeze in the UK while S. Pearson's profits before tax have eased to £17.9m.

Standard Chartered up 41% at midway

PROFITS before tax of Standard Chartered Bank amounted to £121.3m for the first six months of 1980, an increase of 41 per cent over the £86.2m in the same period last year.

The improvement came from overseas operations and the substantial profits earned in bullion dealing as a result of exceptional trading conditions during the early part of the year.

On the other hand, UK domestic operations experienced dull trading conditions while costs continued to rise.

Stated earnings per share are up from 50.5p to 59p and the interim dividend is lifted from 10p to 12p—last year's total was 26p on pre-tax profits of £169.5m.

	1980	1979
Trading profit	101.5	75.0
Associated profits	19.8	11.2
Profit before tax	121.3	86.2
Group tax	52.1	38.0
Associated tax	6.0	4.8
Net profit	63.2	43.4
Minorities	3.2	6.2
Extraordinary credit	3.7	0.8
Attributable	54.0	36.8
Dividend	10.4	8.6
Retained	43.6	28.2

Net new provisions for bad and doubtful debts in the half-year amounted to £27.6m against

£21.7m and £58.3m for all last year. The provisions comprise £21.3m (£15.5m and £48.1m) specific and £5.9m (£6.2m and £10.2m) general.

CCA profits are reduced to £88.1m (£85.2m) after adjustments for monetary working capital £24.3m (£22.2m) depreciation, £3.1m (£1.6m) and gearing, £6.5m (£4.1m).

On a current cost basis the pre-tax surplus would have been £22.7m before crediting the gearing adjustment.

The directors state that it was against the background of the difficult UK market that it was decided to close the mill at Ellesmere Port. The accelerating rate of loss and resultant cash outflow there became no longer acceptable, with no likelihood of any fundamental improvement. Despite a return to profit-

ability in the early months cotton trading again shows a loss. The world wide recession has caused a slump in the textile industry and, although consumption is much reduced, market prices have, however, risen owing to freak climatic conditions in some important growing areas.

comment The widely projected forecasts by analysts at the turn of the year that Bowater was set to break out of its profit plateau this year have proved rather wide of the mark. However, the group has managed to put up pre-tax profits nearly 5 per cent at the interim stage in spite of problems in the UK, particularly in newsprint.

By contrast, newsprint volume in North America was up about 10 per cent and demand remains strong into the third quarter. Cotton trading has produced a further loss, probably in the region of £2m, against £5m last year. With borrowings likely to be unchanged this year the financial position of the group will strengthen further.

The share price rose 7p yesterday to 173p. Profits for the year may emerge at about £95m, against £91.3m, to produce a undemanding p/e of below 6, fully-taxed, which is supported by a yield of

Bowater up £2m—sees growth in N. America

AN ADVANCE of £2m in 1980 first half taxable profit to £44.7m is reported by Bowater Corporation. The company says that when adjusted for the stronger pound the growth was 10 per cent. Sales for the six months rose from £338.2m to £351.7m.

The directors say that the group's North American paper and pulp mills continue to operate to capacity. With a high level of demand expected to be maintained there throughout the second half, Bowater's dollar earnings, which contribute the major part of total profits, should once again reach a record level, they add.

However, the directors warn that it is now clear that Bowater's international trading group will not achieve overall profitability this year.

Meanwhile in the UK demand for many products has fallen sharply and damagelog competition from imports is increasing the already severe pressure on profit margins. Nor is there any sign of these conditions being alleviated for the rest of the year.

After a tax charge of £1.4m to £1.6m, half year stated earnings per £1 share were down from 14.7p to 11.2p. Deferred tax has been treated in accordance with SSAP 15 and the comparative restated. The low charge last time was due mainly to special allowances on the major investment programme in the U.S.

The net interim dividend is held at 4.25p and absorbs £6.7m. Last time a total of 11.5p was paid.

Profit was struck after depreciation of £18.3m (£15.8m) and interest of £15.9m (£13.5m). Attributable surplus came out at £17.6m (£22.8m).

On a current cost basis the pre-tax surplus would have been £22.7m before crediting the gearing adjustment.

The directors state that it was against the background of the difficult UK market that it was decided to close the mill at Ellesmere Port. The accelerating rate of loss and resultant cash outflow there became no longer acceptable, with no likelihood of any fundamental improvement. Despite a return to profit-

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div. year	Total last year
Barlows and Sons	1.4	Oct. 10	4.5	5.9
Bestobell	5.15	Jan. 2	2.75	7.9
BICC	3.03	Nov. 5	4.25	7.28
Bowater Corp.	4.25	Nov. 5	4.25	8.5
Danish Bacon	nil	Dec. 5	3.07	3.07
S. W. Farmer	3.07	Oct. 28	0.5	3.57
Land Investors	0.8	Oct. 27	1.5	2.3
Merchants Trust	1.75	Oct. 31	3.75	5.5
Pearson Longman	3.75	Oct. 31	3.75	7.5
S. Pearson	1.4	Oct. 14	1.4	2.8
Pentos	3.5	Jan. 8	3.5	7.0
Reckitt and Colman	1.5	—	—	1.5
Small and Tidman	1.15	—	1.15	2.3
Sobramie (Holdings)	nil	—	3.57	3.57
Staffs. Potteries	12	Oct. 17	10	22
Standard Chartered	12	Oct. 10	*1.75	*13.75
Wilson (Connolly)	1.75	Nov. 6	1.9	3.65
Zetters	1.75	—	—	1.75

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

ability in the early months cotton trading again shows a loss. The world wide recession has caused a slump in the textile industry and, although consumption is much reduced, market prices have, however, risen owing to freak climatic conditions in some important growing areas.

comment The widely projected forecasts by analysts at the turn of the year that Bowater was set to break out of its profit plateau this year have proved rather wide of the mark. However, the group has managed to put up pre-tax profits nearly 5 per cent at the interim stage in spite of problems in the UK, particularly in newsprint.

By contrast, newsprint volume in North America was up about 10 per cent and demand remains strong into the third quarter. Cotton trading has produced a further loss, probably in the region of £2m, against £5m last year. With borrowings likely to be unchanged this year the financial position of the group will strengthen further.

The share price rose 7p yesterday to 173p. Profits for the year may emerge at about £95m, against £91.3m, to produce a undemanding p/e of below 6, fully-taxed, which is supported by a yield of

comment The widely projected forecasts by analysts at the turn of the year that Bowater was set to break out of its profit plateau this year have proved rather wide of the mark. However, the group has managed to put up pre-tax profits nearly 5 per cent at the interim stage in spite of problems in the UK, particularly in newsprint.

By contrast, newsprint volume in North America was up about 10 per cent and demand remains strong into the third quarter. Cotton trading has produced a further loss, probably in the region of £2m, against £5m last year. With borrowings likely to be unchanged this year the financial position of the group will strengthen further.

The share price rose 7p yesterday to 173p. Profits for the year may emerge at about £95m, against £91.3m, to produce a undemanding p/e of below 6, fully-taxed, which is supported by a yield of

Zetters on target and lifts payout

IN LINE with the midway forecast of a modest increase, pre-tax profits of Zetters Group, pools, bingo and cinema operator, expanded to £1.54m in the year to March 31, 1980, compared with £1.39m.

The dividend is increased from 1.5p to 2.5p net with a final of 1.75p.

Turnover rose from £9.75m to £11.17m after payments to winners and betting tax of £1.23m (£1.14m) and included bingo and cinema turnover of £4.62m (£3.52m).

Stated earnings, after tax of £555,421 (£488,913) were ahead 1p at 10.49p per 5p share. Dividends absorb £163,987 (£124,592), leaving a net balance of £391,434 (£364,321).

Both the football pools and cinema and bingo divisions are currently trading well, say the directors, and they remain confident. But in view of the economic climate they consider it inadvisable to make a forecast.

Cooper Industries warning

IN HIS annual statement, Mr. John Cooper, chairman of Cooper Industries, says the present flat trading conditions do not lead him to believe that the current year will show any dramatic improvement in results.

As reported on August 14, pre-tax profits of the steel and engineering group for the year to April 30, 1980, plunged from £2.05m to £726,000. Shareholders' funds stood at £7.93m (£8m) at April 30. Bank loans and overdrafts totalled £2.24m, compared with £2.01m last time, and other loans amounted to £1.18m, against £784,000. Cash in hand was £1.54m (£1.44m).

Meeting: Dordley, September 30, 12 noon.

S. Pearson slips £2.7m at midway

PROFITS BEFORE tax and minority interests of S. Pearson and Son fell from £20.6m to £17.9m in the six months to June. The setback is largely attributable to the quoted publishing subsidiary, Pearson Longman, which reports a fall from £10.5m to £5.6m before tax.

Pearson's interim dividend is unchanged at 3.75p per share. Lord Gibson, the chairman, says that with the continuance of difficult trading conditions, it is doubtful whether profits for the year as a whole will match those for 1979, when profits before tax and minority interests were £53.7m.

After deducting minority interests, Pearson's pre-tax profits have fallen from £14.9m to £13.6m. Within that, profits at Royal Doulton have recovered by 16 per cent to £5.4m compared with a strike-hit period last year. Yet these figures are below expectations.

Weakening retail sales at home have progressively affected the tableware side and a downturn in the do-it-yourself sector is hitting the glass business.

Profits at the Whitehall Trust—which stem mainly from the Lazard—were nearly 8 per cent higher at £4.4m. The figures would have been better but for a number of portfolio disposals, which have redeployed some £16m from the Whitehall Trust to other parts of the group.

The best performing part of

Pearson Longman

PROFITS at Pearson Longman, which is 63.6 per cent owned by S. Pearson, have fallen by £4.9m to £5.6m in the half year, and the company says that the prospects for the rest of 1980 are not good.

The interim dividend is unchanged at 3.75p per share. Newspaper results in the period were seriously affected by the National Graphical Association union dispute. The cost of the dispute to the Westminster Press group of provincial papers was around £4m, and it also affected the Financial Times and the Investors Chronicle, which lost four issues. The company says that little was gained and much was lost by the dispute.

Westminster Press has had to postpone £2m of capital expenditure. Mr. R. P. West, a director of Pearson Longman, said yesterday that revenue trends on the provincial papers were disappointing compared with what had been a strong period a year ago. Classified advertising revenue was down, and situations vacant advertising—which accounted for about 15 per cent of total advertising revenue—was only running at about half last year's level. The newspaper side in general was also facing higher newsprint costs.

Mr. West said that costs of the Frankfurt printing operation, which only got under way at the beginning of 1979, were the main explanation for a profits decline of a third to £1.4m at the Financial Times. The costs of Frankfurt publication were running on budget, Mr. West said, but it looked as though the circulation targets were going to take longer to achieve than had

Pearson's business has been the Midhurst Corporation, which takes in the North American interest. Profits here rose by a half to £2.5m, thanks to the high interest earned on the proceeds of share disposals in 1979, and to strong growth at Camen, which is involved in oil industry equipment and services. Cameo only became a subsidiary of Pearson part way through the corresponding half-year period.

Pearson's figures take in an extraordinary credit of £3.3m after tax. Nearly £7.8m of this figure arises from the sale of half of the group's interest in the Westpool Investment Trust, whereby the group realised part of its indirect interest in London Merchant Securities.

	1980	1979
Turnover	201,068	218,776
Profit before tax	17,933	20,592
To minorities	4,236	5,631
Attributable pre-tax profit	13,697	14,961
Pearson Longman	3,411	3,172
Royal Doulton	5,431	4,982
Whitehall Trust	4,445	4,172
Midhurst Corp.	2,507	1,576
Madame Tussauds	685	525
Other interests	295	408
Finance charges	—	—
Profit after tax	13,697	14,961
Less: Extraordinary credit	3,300	—
Net profit	10,397	14,961
Less: Retained	13,697	14,961
Attributable ordinary	—	—
Ordinary dividends	—	—

* Excluding banking and investment income. † Including profit after tax of £7.76m on sale of one half of the group's interest in the Westpool Investment Trust.

been thought originally.

Mr. West said that one reason for a sharp increase in losses at Penguin Publishing (from £478,000 to £1.6m) arose from the inclusion of sizeable losses at Penguin Viking, Inc. This company, which was included in S. Pearson's figures until last autumn, was expected to make a profit for the year as a whole. Penguin had been hit by the strength of sterling, which had contributed to a volume decline approaching 10 per cent in the period. But it, too, was hoping for a rather better performance over the rest of the year.

There were a number of special features behind a profits decline of over a third to £2.4m at Longman Holdings, Mr. West added. Provisions against possible bad debts on overseas sales were exceptionally large at around £4m. In addition, some £275,000 of professional fees had been written off following the cancellation of a building project.

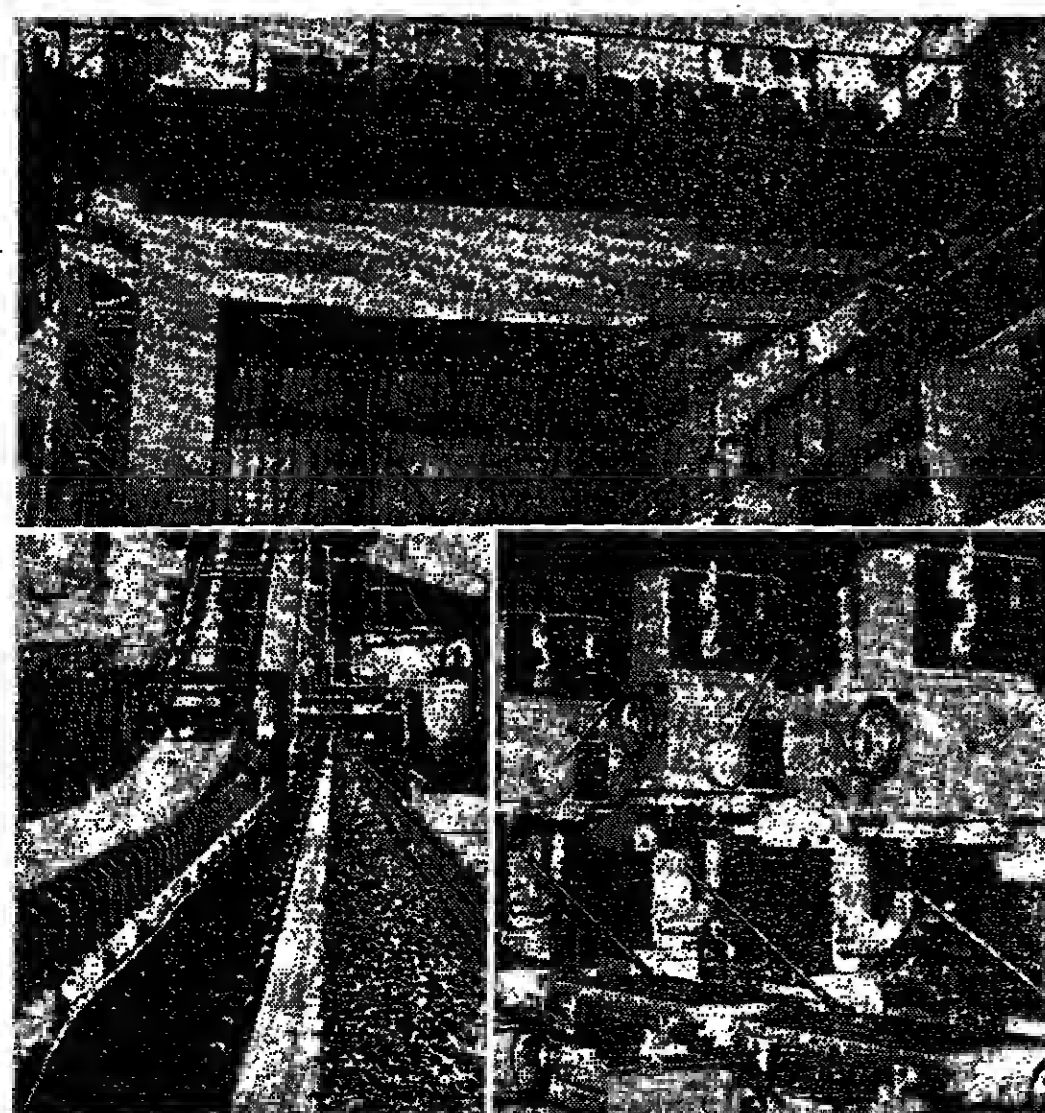
First half 1980

	1980	1979
Turnover	105,987	102,019
Profit before tax	5,571	70,578
Financial Times	1,427	2,157
Westminster Press	3,552	5,247
Longman Holdings	2,438	3,780
Penguin Publishing	1,824	478
Ladybird Books	480	347
Finance charges	722	515
UK tax	633	3,784
Associated tax	518	—
Profit after tax	4,419	6,380
Minority losses	291	37
Extraordinary credit	223	—
Net surplus	4,909	6,417
Preference dividend	11	11
Ordinary—interim	1,546	1,546
Residual	3,352	4,860

† Including associates.



HOW DO YOU THINK BRAZIL MAKES QUALITY PRODUCTS?



Answer—with Brazil's high quality equipment and machinery. Nowhere is this quality more marked than for heavy industrial machines.

Their standing is recognised throughout the world, by buyers of Brazilian equipment in North America, South America, Europe, Asia and Africa.

Importing products from Brazil is a sound business option, not only in the area of machines and equipment, but in all areas of manufactured, and semi-manufactured goods.

For information, look to Banco do Brasil and join those business people who are importing quality from Brazil. Contact Mr. Ademir Lins de Albuquerque at 15-17 King Street, London EC2P 2NA. Telephone: 01-606 7181.

BANCO DO BRASIL
Your gateway to business in Brazil.

BUY QUALITY
BUY BRAZILIAN

هكذا من الجاهل

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane, London EC3R 9EB Telephone 01-621 1212

1979-80	Company	Price	Change	Gross Div (p)	%	P/E
50	Alparag	51	—	6.7	13.1	3.9
50	Arctura and Rhodan	170	—	1.4	8.4	8.1
170	Bardon Hill	170	—	9.7	5.7	6.4
100	County Cars 10.7% Pl.	74	—	15.8	20.7	—
101	Deborahs Div.	136	—	5.5	5.7	4.8
128	Frank Hornell	128	—	7.8	8.4	3.3
128	Frederick Parker	67	—	11.0	16.4	3.1
155	George Hale	85	—	18.5	19.4	—
84	Jackman Group	81	—	6.0	7.8	3.1
153	James Burroughs	121	—	7.8	6.5	8.91
305	Robert Jenkins	305	—	31.3	10.2	—
222	Tonday	222	—	25.1	6.9	2.7
34	Twilock 15% ULS	124	—	15.0	17.9	—
50	Twilock Holdings	48	—	8.0	6.5	7.1
101	Water Alexander	101	—	5.7	5.8	5.0
245	W. S. Yates	245	—	12.1	4.8	5.0

† Accounts not prepared under provisions of SSAP 15.

This advertisement complies with the requirements of the Council of The Stock Exchange



JUSCO CO. LTD.

(JUSCO Kabushiki Kaisha)

(Incorporated under the Commercial Code of Japan)

Issue of £10,000,000 8 per cent. Sterling/U.S. Dollar Payable Convertible Bonds due 1996

The issue price of the Bonds is 100 per cent. of their principal amount

The following have agreed to procure subscribers for the Bonds and, to the extent that the Bonds are not so subscribed, to subscribe therefor:—

Hill Samuel & Co. Limited	Credit Suisse First Boston Limited	Nomura Europe N.V.
New Japan Securities Europe Limited	Dai-ichi Kangyo International Limited	Kiwit Foreign Trading Contracting & Investment Co. (S.A.K.)

The 10,000 Bonds of £1,000 each have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Bonds.

Particulars of JUSCO CO., LTD. and of the Bonds are available in the statistical services of Extel Statistical Services Limited and may be obtained during usual business hours up to and including 25th September, 1980 from the brokers to the issue:—

Victoria da Costa Limited, Regis House, King William Street, London, E.C.4. Rowe & Pim, 1st Floor, City Gate House, 39-45 Finsbury Square, London, E.C.2.

10th September, 1980.

Companies and Markets

UK COMPANY NEWS

Reckitt and Colman down by £2.45m at half year

WORLD-WIDE sales of Reckitt and Colman were up 10 per cent to £287m for the half year to June 28, 1980, while trading profits improved 5 per cent to £28.7m. But reflecting the cost of its investment programme and higher interest charges, the pre-tax surplus dropped by £2.45m to £22.7m for the period.

Sales and profits are translated into current average rates of exchange and this has caused a drop of £4.2m (including £2.6m in Latin America) in the first six months, compared with 1979. With after-tax earnings per 25p share showing a fall from 9.9p to 8.4p, the interim dividend is being set at 3.5p net—last year's total payment was 8.5p on pre-tax profits of £51m.

The group is engaged in the manufacture and sale of food and wine, household and toiletry, pharmaceutical and industrial and leisure products.

On prospects, Mr. James Clemenson, the chairman, says that his statement made at the annual meeting in May continues to reflect the current situation, while the difficult world economic conditions, combined with current uncertainty in exchange rates, prevents any forecast for the remainder of the year.

Steps taken to improve profits in North America have proved effective, and continued some in an increased result there. Elsewhere, results were mixed.

A geographical analysis of sales and profits shows respectively: UK £125.7m (£102.7m), and £28.1m (£25.0m) less exports £22m (£18.5m). Asia £19.6m (£15.4m), making UK domestic £101.2m (£83.8m) and £22.5m (£19.4m). Europe, excluding UK, £57.9m (£53.7m) and £13.9m (£12.8m). North America £55.1m (£52.4m) and £2.3m (£0.3m). Australia £18.9m (£16.0m) and £5.9m (£3.2m). Africa £31.0m (£24.1m) and £4.7m (£3.7m), and Latin America £31.2m (£20.4m) and £4.1m (£4.3m). Corporate interest and expenses took £1.4m (£1.8m).

Commenting on exports, Mr. Clemenson states that good sales results have only been achieved by a move towards higher value-

added products and by accepting low profit margins. "This represents a change of product emphasis which has been going on for some time but which cannot be achieved overnight," he says.

	First half 1980	First half 1979
Sales	287.0	257.0
Trading profit	28.7	27.3
Interest payable	8.7	7.1
Profit before tax	22.7	22.1
Tax	10.8	11.4
Net profit	11.8	13.8
To minorities	1.9	1.5
Pre-tax dividends	0.08	0.08
Attributable to ord.	10.30	11.40
Exchange deficit	3.59	4.12
Leaving	6.71	6.07

UK ACT and other UK taxes less relief for overseas tax £2.7m (£2.7m), and overseas tax £1.1m (£3.9m).

On the domestic front, the group's two major divisions, household and toiletries and food and wine, both achieved reasonable sales increases but in each case profit was slightly reduced.

The level of profit was only achieved by improvement in productivity and very careful control of fixed costs.

Pharmaceuticals again achieved a significant increase in sales of both prescription and over-the-counter products, but its profit was absorbed by high costs.

The industrial side continued to make profitable progress in contract cleaning, but this was more than offset by a loss on cleaning machines. This has necessitated reductions in fixed costs.

Despite all the economic conditions, the leisure division showed some slight improvement over 1979, as did the colours division.

The overall drop in UK profitability was also affected by early retirement and redundancy costs, but the chairman says the result was extremely disappointing in view of the strenuous efforts being made to improve productivity.

The group's French business increased sales by 15 per cent, but the cost of greater marketing expenditure resulted in a profit decrease of some £0.25m.

In Spain, sales were maintained in sterling terms, although profitability was substantially reduced by increased

marketing expenses and an inability to move prices up in line with costs.

The chairman says the main problem lies in Germany where previously the profitable food business was sufficient to support losses on the household side.

During the recession this is no longer so and steps are being taken to resolve the problem.

The businesses in Belgium, Holland and Italy maintained profit close to the levels of 1979.

In North America, the potato plant at Winnemucca was closed at the end of the processing season and together with the plant at Washburn, will be sold.

Cash resources will thus be improved. The remaining plant at Shelby, Idaho, will be well able to supply the profitable retail potato business.

The group also sold Reward Ceramics which was draining the profit of its leisure business. Sunset Designs, as a result of its increasingly strong position in the market, improved domestic sales by some 50 per cent.

The Australian business remains strong on new product development and the Board of Reckitt and Colman Australia has indicated that an improvement in profit, similar to that which occurred in 1979, will be achieved in the second half of 1980. First-half pre-tax profits rose 5 per cent.

The New Zealand business suffered a serious setback in profit in the first half, due to outside strike action which affected supplies of an important raw material and, to a loss of market share in other parts of the country.

Increasingly competitive household and toiletries businesses. However, this business is expected to return to normal profitability in the second half.

In Asia, sales improved 13 per cent despite the strength of sterling but profit was severely hit by the drop in UK export margins. Profit in the main domestic markets, when expressed in sterling terms, was slightly down but the overall change is not significant.

Lex, Rack Page

Pentos profit slumps to £0.6m at interim stage

AFTER sharply increased interest charges of £1.62m against £683,000 profits before tax of Pentos fell sharply from £1.25m to £602,000 in the first six months of 1980. Sales amounted to £37.05m compared with £32.98m.

Prospects for the rest of the year continue to be clouded, the directors say. Much of the group's business remains highly seasonal and it is normal for the major part of profit to be earned in the second half.

The interim dividend is being held at 1.4p—last year's total was 4.025p on record pre-tax profits of £4.08m.

Stated earnings per share for the first half are down from 3.15p to 1.21p and from 2.51p to 1.01p fully diluted. The group's interests include publishing and bookselling, garden and leisure products, engineering, construction and furniture.

The directors say a reduction in consumer spending followed by savage destocking by retailers and other stockists has had a serious effect on the businesses which supply these markets. Elsewhere the group is operating broadly in line with its trading plans.

They have taken additional steps to reduce overheads and investment and the combined effect is to reduce numbers employed (excluding bookselling) from January 1 to December 31, 1980 by about 600 and to reduce fixed overheads by over £3m in a full year. It will also have a gradual but cumulative impact in reducing funds employed.

The directors have closed certain of the London based publishing operations which were incurring losses and transferred their business to World International's new facilities in Manchester.

The smallest of the engineering companies, which has also been losing money for some time, has been closed and its activities have been combined with a sister company.

Most ambitiously, Caplan's London factory has been closed and its activities transferred to existing available capacity at Ripley in Derbyshire. Action has also been taken in all other parts of the group.

Looking further ahead, the directors believe that the steps taken will reduce the risks which are a feature of the increasingly volatile environment without impeding the ability to take advantage of opportunities. They therefore remain optimistic about longer term prospects.

	Half Year 1980	Half Year 1979
Sales	37,050	32,980
Publishing & Books	12,220	11,724
Garden, Leisure	9,163	9,556
Engineering	7,710	6,963
Const. & Cap. Pro.	7,848	4,676
Profit	2,114	1,223
Publishing & Books	115	21
Garden, Leisure	622	736
Engineering	887	854
Const. & Cap. Pro.	583	454
Control	102	105
Interest	1,818	688
Profit before tax	302	1,251
Tax	150	314
Net Profit	152	937
Ex. Items & Minorities	547	29
Attrib. Ordinary	435	908
Loss		

comment

The recession has turned on Pentos with a vengeance. Its unbroken profits record has been abruptly terminated by an attributable loss which sent the shares tumbling 4p to 48p yesterday. The interim balance sheet shows a debt/equity ratio of almost three-quarters and interest charges represent 73 per cent of trading profits against 35 per cent at the same time last year. This is not the whole story, however. The publishing and

Bestobell rises 24% at midterm

A SIGNIFICANT improvement in trading margins has helped Bestobell, the controls, aviation, energy and consumer products group, to lift its pre-tax profits from £3.26m to £4.06m in the first six months of 1980, an increase of some 24 per cent.

This performance must be considered satisfactory in the current business climate in the U.K., says Mr. A. B. Marshall, chairman, but he warns that it would be unrealistic to predict that the group will be immune from general pressures. However, its spread of business and overseas interests will afford useful protection, he adds. For the whole of 1979, there was a taxable surplus of £6.42m.

First-half group sales went ahead from £51.9m to £57.8m and the improvement in trading profits, from £3.97m to £5.21m, owes much to particularly good performance by the aviation and seals and controls and instrumentation divisions in the UK and by the African companies, states the chairman. Overall, trading margins rose from 7.5 to 9 per cent.

Interest charges were up at £1.16m (£711,000) and tax took £1.65m (£1.29m). An extraordinary credit of £582,000 represents the net gain from the £1.85m sale of the group's old head office and will be used to reduce short-term borrowings. After minorities of £59,000 (£79,000) and exchange losses of £93,000 (£400,000), the attributable surplus is well ahead at £2.8m (£1.49m).

The interim dividend is stepped up from 4.5p to 5.15p net, absorbing £677,050 (£591,900)—last year's final was 6.5p. Stated earnings per 25p share are 17.5p (14.3p).

The chairman concludes that

the sustained margin improvement, together with the strengthening of the balance sheet which has resulted from the head office sale, place the group on a sound footing.

comment

Bestobell has come quite a distance since the battling days of 1979 when it saw BTR off. And it now appears to be a significantly larger mouthful for any potential bidder to try and swallow. Despite the recession Bestobell has again improved its trading margins, this time up to 9 per cent and even after sharply higher interest charges, pre-tax margins have also grown a point. Among the reasons is a better performance from the important aviation and seals business, where margins on U.S. defence work and Airbus and Boeing contracts in the UK and Europe are above 25 per cent.

The strength of the South African economy has aided the group's profit progress, as has a solid improvement from the group's energy engineering operations at home: this business may have earned around £400,000 in the half year. Bestobell's capital gearing, which was 46 per cent at year-end, is now lower as a result of the sale of its head office but it may not remain so. Assuming a year-end pre-tax of £7.75m, a fully taxed earnings multiple of 10.7 would seem justified and the yield could be a prospective 6.3 per cent at 290p.

C. D. BRAMALL
In the first half of 1980 the tax charge at C. D. Bramall was £36,000, compared with £33,000, and resulted in a net profit of £582,000 (£528,000).

Merchants Trust up at midway

GROSS REVENUE of Merchants Trust rose from £1.48m to £1.99m in the six months to July 31, 1980, including deposit interest and underwriting income of £113,422 against £35,997.

The interim dividend is increased from 1.5p to 1.75p net—last year's total was 3.75p. Interest charges fell from £150,881 to £22,626. After expenses of £100,921 (£84,375), tax of £475,573 (£434,586) and the preference dividend of £18,553 there were net earnings of £1.15m (£793,307), or 2.26p (1.66p) per share.

Danish Bacon incurs £0.38m loss: omits interim dividend

LOSSES of £376,000 have been incurred by Danish Bacon Company, for the 32 weeks to August 9, 1980, compared with profits of £1.52m in the same period last year. No interim dividend is being declared and the Board will wait until the year-end when the trading outlook at that time can be taken into account.

Last year, an interim dividend of 4p was followed by a 3.5p final.

The loss is due primarily to very poor market conditions and closure and redundancy costs are reflected in the results. The Board believes the group will return to profitability in the second part of the year but depending on market conditions further action may be necessary.

Turnover in the 32 weeks amounted to £139.11m against £131.71m. Interest charges totalled £1.29m (£566,000) but there is no tax charge. Last year, £789,000 was put to reserve for notional tax.

The Board says lower interest rates, realistic wage bargaining

and a revival of confidence in the market place leading to increased volume sales through the group's distribution channels are essential for future progress. In 1979, the group reported pre-tax profits up from £363,000 to £1.88m.

The Board has been taking steps to improve the situation. In particular Ban-Link Services centralised warehouse and trucking service has been closed and arrangements made with suppliers for direct delivery to the group's branch distribution network.

Similarly where certain economic standards cannot be achieved at branch level the possibilities of closure are being reviewed with trade re-allocated to neighbouring branches.

To date, three branches have been closed and in all, a reduction of some 340 employees at various levels of activity has occurred.

Action taken to date has ensured that there is no material change in the group's position

since the end of last year, the Board says.

Midway fall for Small and Tidmas

Despite sales ahead from £2.64m to £3.01m in the six months to June 30, 1980, taxable profits of John C. Small and Tidmas, the knitted fabrics manufacturer, fell back in the period to £28,402, compared with £162,632 the previous year, after interest charges of £44,543, against £26,979 last year. The interim dividend is being cut.

The directors say that forecasting at present is not advisable, though prospects appear reasonable with encouraging order and productivity levels.

Stated earnings per 25p share dropped from 11.88p to 1.72p. In order to conserve resources, the Board has recommended an interim dividend of 1.5p net (2p). For the whole of last year, a total payment of 4p was paid from taxable profits of £167,965.

Allied Intl. improves mid-term

Taxable profits of Allied International Designers Group rose in the six months to April 30, 1980, from £49,000 to £77,000—which included an exceptional profit of £11,000. Sales increased during the period by 35 per cent to a record £456,000, compared with £345,000.

The surplus does not include any contribution from Foxvale, which has been taken over in August and which produced profits of £21,000 before tax during the six months.

The directors have decided not to pay an interim dividend but they will give consideration to a final payment when full-year figures are available.

Mr. James Pidditch, chairman, says Allied is a young and growing company. He says he expects to pay a dividend but he also believes that shareholders would want the directors to invest in continued growth.

New business gains, particularly in the new product development area, should show up well in the second half of the year and the board is confident that the growth achieved in the first six months will be maintained in the second half.

The company specialises in innovation, corporate communication and design.

UNITED GAS CONVERSIONS

United Gas Industries announces that arising from the exercise by stockholders of final conversion rights attached to their holdings of the company's 9 per cent convertible unsecured loan stock 1983-85, a total of £1,424,992 of the stock was converted and 1,841,593 ordinary shares of 25p each fully paid issued.

After taking into account this conversion, there remains outstanding £239,179 of the stock which will now be known as 9 per cent unsecured loan stock 1983-85.

S. PEARSON & SON

Pearson Longman	Royal Doublton	Lazard Brothers	Midhurst (USA)	Madame Tussaud's
-----------------	----------------	-----------------	----------------	------------------

Group results for the half year to 30th June 1980 (unaudited)

	1980 Half year	1979 Half year
Turnover	£261.1m	£218.8m

Group profit before tax

£17.9m £20.5m

Attributable profit before tax

£13.6m £14.9m

Attributable profit after tax

£8.3m £9.1m

Earnings per ordinary share

12.1p 13.3p

Most of our businesses have been affected by the deepening world recession, accelerating inflation in this country and the problems posed for exporters by a strong pound. Even so, the profits would have been higher than in 1979 but for the N.G.A. dispute which seriously affected the Pearson Longman newspapers. It is estimated that the total cost of the dispute reduced the profits of Pearson Longman by more than £4 million.

Doulton and Whitehall Trust have each made modest progress while Midhurst has recorded a significant improvement in profits. Midhurst's performance was foreshadowed in the chairman's statement last April and reflects partly the continued prosperity of Camco and partly the high interest earned on the proceeds of the sale last year of half our Ashland shares.

In Doulton's case weakening retail sales at home have progressively affected the tableware side and high interest rates have compounded the problems for the home

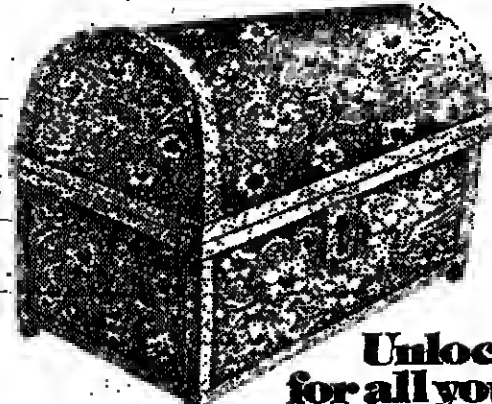
improvement sector of our glass business. Thus, while profits are higher than in the poor first half of 1979, they are below expectations.

All divisions of Lazard's, which accounts for most of Whitehall Trust's profits, have been active during the period under review and the continuing pressure on lending margins was more than offset by success elsewhere.

With the continuance of difficult trading conditions it is doubtful whether profits for the year as a whole will match those for 1979.

The directors have declared an interim dividend on the ordinary share capital of 3.75p per share, the same as last year. This dividend will be paid on 31st October 1980 to shareholders on the register of members on 3rd October 1980.

A copy of the full announcement is available from the Secretary, S. Pearson & Son, Limited, Millbank Tower, Millbank, London SW1P 4QZ. Telephone: 01-828 9020.



Unlock this for all your chemical-based product needs

The most demanding and discriminating buyers the world over come to India. It's the one place for all your chemical-based products. Products that are internationally acclaimed, beautiful and durable. Search this treasure chest for products like automobile and cycle tyres, rubber footwear, industrial and household rubber products, paints, plywood, furniture, glass and ceramics. Paper conversion and stationery articles, books and journals, safety matches, minerals, explosives and much more.

Capexil assists in locating the right supplier, arranges buyer-seller meetings, provides up-to-date market data and if necessary even arbitrates after a sale.

Little wonder Capexil has a growing circle of satisfied buyers in the USA, UK, USSR, West Germany, France, Australia, Iran, Iraq, Saudi Arabia, Egypt, UAE, Kenya, Nigeria, Kuwait, Canada, Indonesia, Thailand, Japan and Malaysia. If you are looking for chemical-based products come to India. It is a treasure chest to which Capexil holds the key.

Capexil brings the best from India to the world

CAPEXIL CHEMICALS & ALLIED PRODUCTS EXPORT PROMOTION COUNCIL
"World Trade Centre", 14/B, Ezra Street, Calcutta-700001, India.
Phone: 26-7793/34/35 Grams: CAPEXIL, Telex: Capexil CA 2486

BICC

Interim Results Half Year to 30 June 1980

PROFIT BEFORE TAXATION increased by £6.4 million (23%) to £34.0 million, principally due to continuing improvements in UK cable-making and a sharp increase in Group exports.

EARNINGS per ordinary share amounted to 10.05p compared with 10.64p (7.57p from normal operations and a 3.07p special taxation credit) – an improvement of 33% excluding the taxation credit.

INTERIM DIVIDEND increased by 10% to 3.03p per share.

OUTLOOK – performance in the second half year will be adversely affected by the economic situation, but the full year's profits should show an improvement over 1979.

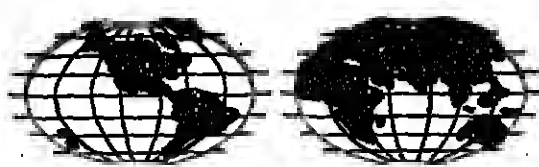
Based on unaudited figures	Half Year to 30.6.80 £m	Half Year to 30.6.79 £m	Year to 31.12.79 £m
Sales – United Kingdom	307.7	255.9	544.6
Exports	122.2	87.7	189.8
Overseas	249.6	210.2	455.5
	679.5	553.8	1,189.9
Operating profit	40.6	32.4	76.8
Finance charges	6.6	4.8	11.2
Profit before taxation	34.0	27.6	65.6
Taxation (see Note)	14.8	7.7	23.8
Profit after taxation	19.2	19.9	41.8
Minority interests	3.8	4.0	9.8
Attributable profit	15.4	15.9	32.0
Earnings per share (see Note)	10.05p	10.64p	21.38p
	Interim	Interim	Year
Dividends per share	3.03p	2.75p	8.57p

NOTE: Taxation in 1979 was reduced by a special taxation credit of £4.5m (equivalent to 3.07p per share) arising from the release of the deferred taxation provisions in respect of UK stock relief for 1973 and 1974.

The Interim Dividend will be paid to ordinary shareholders registered in the books of the Company on 14 November 1980. Warrants will be posted on 30 December 1980, payable 2 January 1981.

The Interim Results will be posted to share and debenture stock holders on 11 September 1980. Further copies are available from the Secretary, BICC Limited, P.O. Box No. 5, 21 Bloomsbury Street, London WC1B 3ON.

WEEKS PETROLEUM LIMITED



Interim Results for the half year to June 30th 1980 (unaudited)

	US \$'000		
	1980	1979	
Revenue	10,461	6,739	+50%
Net income	4,565	1,923	+137%
Net income per share	9 cents	4 cents	

- * Discovery and development of North Cowpen Creek oil field in Louisiana.
- * Major expansion and diversification of US interests through agreement to acquire 25 per cent of Ogle Resources Inc.
- * Start of exploration drilling programme in South China Sea
- * Continued exploratory drilling in Australia, Columbia and the United States
- * Applications made for Seventh Round U.K. North Sea licences

Weeks Petroleum Limited
One Sylvan Road, North
Westport, Connecticut 06880
U.S.A.

Companies and Markets

S. Farmer little changed

ALTHOUGH turnover rose by almost £1m to £7.96m in the six months to June 30, 1980, taxable profits of S. W. Farmer Group, structural steelwork and platework manufacturer, increased only marginally from £561,000 to £574,000.

Mr. Brian Farmer, the chairman, says the results reflect the incidence of the steel strike which lasted throughout the first quarter although all the factories were kept busy during the six months.

Trading conditions, he says, are as hard as any experienced in the past 30 years – and are not improving.

Efforts are being made throughout the world to book the required volume of business but margins are under pressure. In the medium-term prospects would seem to be more encouraging, the chairman says.

After a tax charge of £288,000 (£291,000) earnings per 25p share for the half-year are given as 10.92p (11.61p).

The interim dividend is a same-as-a-year net. Last time a total of 9.18p was paid from pre-tax profits of £1.15m.

During the six months, profits from the service division, which includes crane hire, accommodation units and shot blasting, held up well.

The company has completed the extension of its Leeds factory which will double production capacity there and additions have also been made to the crane hire fleet.

The taxable surplus includes a contribution from E. A. Roper and Company, which was taken over on March 10, this year.

F. Wrighton starts well and confident

Given the difficult economic climate, the current year has started well at F. Wrighton and Sons (Associated Companies), furniture manufacturer, said Mr. Keith Wrighton, the chairman, at the annual meeting. While its main sales period was yet to come, he was confident the group could maintain sales volume during the year.

For the year ended March 31, 1980, turnover reached £10,02m (£8.98m) but pre-tax profits dropped from £491,000 to £206,000.

Mr. Wrighton reported that the closing of the group's Walthamstow factory and consolidation of all production in a single plant at Nazeing would be completed in the financial year. It was anticipated that during this period the Walthamstow site would be sold.

This rationalisation would involve some exceptional expenses, but the move was expected to enable the group to make substantial increases in productivity.

Members were told that the priorities in planning these changes had been to ensure continuity of delivery and to provide the appropriate quality control for the launch of the group's new designs to be introduced in the autumn for delivery in the New Year.

Sobranie losses deepen

On turnover virtually static at £7.98m against £7.95m, Sobranie (Holdings), whose principal trading activity is the operation of a laundry following the sale of its textile interests to Gallagher, turned in a pre-tax loss of £186,129 for the year to February 28, 1980, compared with a deficit of £20,624.

The end result of the group's rationalisation, say the directors, is that it now has reduced, but not unimportant, activities, and substantial liquidity. The laundry division continues to improve and other industrial activities show early signs of promise.

They wish to expand existing divisions with a view to improving overall performance, but in the short term, surplus funds are being invested in the money market.

It is proposed to change the group's name to Hanover Investments (Holdings).

The final dividend is maintained at 1.15p, making a net total of 1.85p compared with 1.52p.

The loss per 10p share is shown as 4.4p (0.34p).

Lower rate on yearlings

The interest rate on this week's batch of yearling bonds is 14 per cent – down 1 per cent from last week. They are issued at par and are redeemable on September 16, 1981.

The issues are: Allerdale DC (£0.25m); Beverley BC (£0.5m); Great Yarmouth BC (£0.25m); London Borough of Hillingdon (£1m); East Devon DC (£0.5m); Forest Heath DC (£0.5m); London Borough of Greenwich (£1m); Northampton BC (£0.5m); Ogwr BC (£0.5m); Walsall Hatfield DC (£0.5m); Huntingdon DC (£1m); City of Kingston upon Hull (£1m); Walsall Metropolitan BC (£0.5m); Metropolitan BC of Wirral (£1m); The City of Nottingham (£1m); St. Helens Metropolitan BC (£0.5m); Kenet DC (£0.25m); Borough of Chertsey (£0.5m); City of Glasgow DC (£1.5m); Walsall Metropolitan BC (£0.5m); City of Liverpool (£2.5m); Three Rivers DC (£0.25m); Tewkesbury BC (£1m); South Pembrokeshire DC (£0.5m); Borough of South Tyneside (£0.5m).

UK COMPANY NEWS

Staffs. Potteries dives to £0.3m and omits final

WITH A severe decline in demand over the last three months, second half taxable profit of Staffordshire Potteries slumped from £781,000 to near breakeven at £7,000. Following the £153,000 setback at halfway, this left the total for the year to June 30, 1980, down from £1.24m to £312,000, and the final dividend is being passed to conserve funds.

Explaining the cut in total net dividend from 5p to 1.13p (the interim), Mr. Bill Bowers, the chairman, says: "The adverse trading conditions of the final quarter of the last financial year have continued and as yet we do not see signs of any improvement."

At the trading level profit was lower at £1,06m (£1.6m) on sales up £3.69m to £15.78m, and before interest costs more than doubled from £262,000 to £745,000.

The chairman says that although the prospects for various product categories look promising, until there is a substantial improvement in demand and a fall in interest rates the outlook for profitability in the short term is not encouraging. The downturn in demand was particularly severe in the UK, the company's largest market. However, Mr. Bowers says the group is in an excellent position to face up to and deal with the present difficulties and benefit from the considerable potential which still exists in many markets around the world.

With tax taking £12,000 (£169,000) stated earnings per 25p share were down from 19.1p to 5.5p.

Retained profit emerged at £249,000 (£745,000). The results arising from the acquisition of Taunton Vale Industries are included from October 3, 1979.

Profit margins were eroded throughout the year by unfavourable foreign exchange rates and cost increases which for raw materials and essential services was 23 per cent.

Demand held up well in some overseas markets but because of the strength of sterling it was not possible to pass on such large increases in costs and retain market share.

Recent modernisation programmes and purchase of

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are in mind and the subdivisions shown below are based mainly on last year's timetable.

TODAY	Interim	Final
British Mohair Spinners	Sept. 17	Sept. 17
Cory (Horace)	Sept. 18	Sept. 18
Crada International	Sept. 18	Sept. 18
Delta Metal	Sept. 18	Sept. 18
Fisher (James)	Sept. 18	Sept. 18
Howden (Alexander)	Sept. 26	Sept. 26
Hurley (Charles)	Sept. 26	Sept. 26
Leaving Properties	Oct. 8	Oct. 8
Laporte Industries	Sept. 18	Sept. 18
Nervic Securities	Sept. 12	Sept. 12
Oliver (George) (Footwear)	Oct. 6	Oct. 6
Sikhona Lubricants	Oct. 6	Oct. 6
Suffolk Service Group	Sept. 24	Sept. 24
UOS	Sept. 18	Sept. 18
Finals		
Blackwood Morton	Sept. 12	Sept. 12
Sainsbury	Sept. 17	Sept. 17
Dowling and Mills	Sept. 24	Sept. 24
Goodman Bros. and Stockman	Sept. 19	Sept. 19
Westminster & Co. Prop.	Sept. 15	Sept. 15

FUTURE DATES

Interim	Final
British Mohair Spinners	Sept. 17
Cory (Horace)	Sept. 18
Crada International	Sept. 18
Delta Metal	Sept. 18
Fisher (James)	Sept. 18
Howden (Alexander)	Sept. 26
Hurley (Charles)	Sept. 26
Leaving Properties	Oct. 8
Laporte Industries	Sept. 18
Nervic Securities	Sept. 12
Oliver (George) (Footwear)	Oct. 6
Sikhona Lubricants	Oct. 6
Suffolk Service Group	Sept. 24
UOS	Sept. 18
Finals	
Blackwood Morton	Sept. 12
Sainsbury	Sept. 17
Dowling and Mills	Sept. 24
Goodman Bros. and Stockman	Sept. 19
Westminster & Co. Prop.	Sept. 15

Taunton Vale had pushed borrowings up from £2.45m to £3.19m by year end. Shareholders' funds stood at £7.48m (£7.39m).

Full production is being maintained at Staffordshire Potteries mng division but dinnerware demand has been hit resulting in 75 redundancies and 200, out of the 1,100 workforce, on short time.

There is a healthy order book and good prospects at Royal Winton Pottery, part of Taunton Vale. Mr. Bowers points out that the full potential of Taunton Vale has yet to be realised but improvements made and development should increase this division's profit contribution.

In North America sales have risen 64 per cent and the U.S.

and Canadian distribution companies are trading profitably.

comment

Staffs. Potteries was in the red during the last quarter and the current six months is not likely to be much better. If there is a profit it will be small. Sterling's strength made exporting that much tougher with the result that more UK production was diverted towards a home market that was already labouring under sluggish demand and providing poor returns. The company's stocks are up by two-thirds and borrowings have doubled. In part this is a reflection of the acquisition of Taunton Vale and the consolidation for the first time of the U.S. operation. Nevertheless second-half profits of just £7,000 after interest costs of £745,000 reveals the serious problems that the company faces.

By the end of this year the management wants to reduce stocks by £1m and debt by £1m. Ideally some permanent fundraising is needed, a rights perhaps, but now is obviously not the time to issue equity. There are some new product developments and new customers in the air, but it will be 1981 before trading starts to look brighter. At 49p the fully taxed historic p/e of 20 is meaningless and an improvement on the 3.3 per cent yield is probably some way off.

RIGHTS RESULTS

Acceptances have been received for 8.42m new ordinary 10p shares (£8.42 per cent) of Moorgate Mercantile Holdings in respect of the recent rights issue.

The balance of 404,368 new shares has been sold at a price of 17.0825p per share in accordance with the terms of the issue for the benefit of the ordinary holders to whom the shares were provisionally allotted.

Mercantile House Holdings has received acceptances in respect of 115m new ordinary shares, representing 97.6 per cent of the total number offered by way of rights. Ordinary shares not taken up by provisional allottees their renunciations have been sold in the market.

Wilson (Connolly) improves

ON INCREASED sales of £15.78m, compared with £13.67m, taxable revenues of Wilson (Connolly) Holdings, builder and contractor, rose from £2.53m to £3.06m for the six months to June 30, 1980. Tax took £1.59m, against £1.32m last time.

In his interim report, Mr. J. A. Leavey, chairman, says the excellent results of last year have, to an extent, run forward into the first half of 1980. "However," he adds, "current trading conditions make projections for the full year based on the half year more than usually hazardous."

Stated earnings per 25p share were 13.7p, compared with 11.5p adjusted for a one-for-one group issue in May, 1980, and interim dividend of 1.75p to 2p net. For the whole of last year, a total payment equal to 3.63p was paid from taxable profits of £5.45m.

Transport Development Australia

On turnover up from A\$20m to \$24.14m, pre-tax profits of Transport Development Group Australia, in which the UK based group has a 70 per cent interest, climbed to \$2.29m for the year ended June 30, 1980, compared with \$1.77m. The directors say the current year has started well. After tax of \$855,000 (\$646,000) earnings per share rose from 13.5 cents to 17.2 cents. The dividend is increased to 8.5 cents (6.57 cents) with a final of 4.5 cents. Retained profits emerged at \$726,000, against \$594,000.

Warehousing and cold storage operations continued their growth record of previous years and produced excellent results. However, haulage activities, although showing an improvement, have not yet returned to a satisfactory level of profit, the directors state.

Crane hire operations, which suffered from a decline in the construction industry in the first half, produced a strong recovery in the second six months.

Standard Chartered BANK LIMITED

INTERIM REPORT

Standard Chartered Bank Limited reports Group profits for the six months ended 30th June, 1980, of £121.3 million before taxation and extraordinary items, an increase of 41% over the comparable figure for the first half of 1979. Net profits after taxation and minority interests were £50.9 million, an increase of 37%.

The improvement in profitability stemmed principally from two sources: almost without exception the Group's overseas operations showed material improvement, and substantial profits were earned in bullion dealing operations as a result of the exceptional trading conditions during the early part of the year. United Kingdom domestic operations, on the other hand, experienced dull trading conditions whilst costs continued to rise.

An interim dividend of 12 pence per share will be paid on 17th October, 1980, to shareholders registered on 26th September, 1980, representing an increase of 20% over the 1979 interim payment.

GROUP RESULTS (Unaudited)

Historical cost basis	Six Months Ended 30th June 1980 £m	1979 £m	Year Ended 31st Dec. 1979 £m	Current cost basis	Six Months Ended 30th June 1980 £m	1979 £m	Year Ended 31st Dec. 1979 £m
Trading Profit of the Bank and its Subsidiaries	101.5	75.0	148.9	Trading Profits of the Bank and Subsidiaries as in the historical cost accounts but before deducting interest on loan capital	109.8	80.9	161.1
Share of Profits of Associated Companies	19.8	11.2	20.9	Current cost adjustments: Monetary Working Capital	34.3	22.2	54.2
Profit before Taxation and Extraordinary Items	121.3	86.2	169.8	Additional depreciation	3.1	1.6	4.0
Taxation:				Current cost operating profit	72.4	57.1	102.9
The Bank and its Subsidiaries	52.1	38.0	76.1	Interest on Loan Capital	8.3	5.9	12.2
Associated Companies	9.0	4.8	9.1	Less: Gearing Adjustment	6.5	4.1	9.7
Profit after Taxation	60.2	43.4	84.6		1.8	1.8	2.5
Minority Interests	9.3	6.2	14.0	Current cost profit of the Bank and Subsidiaries	70.6	55.3	100.4
Extraordinary Items	3.1	(0.6)	—	Share of current cost profits of associated companies	17.5	9.9	18.4
Profit attributable to Standard Chartered Bank Limited	54.0	36.6	70.6	Current cost profit before Taxation	88.1	65.2	118.8
Dividend	10.4	8.6	22.5	Taxation	61.1	42.8	85.2
Profit Retained	43.6	28.0	48.1	Minority Interests in current cost profits of Subsidiaries	27.0	22.4	33.6
Earnings per share	59.0p	50.8p	88.4p	Extraordinary Items	20.6	18.7	25.7
Dividend per share	12.0p	10.0p	26.0p		3.1	(0.6)	—
(Gross equivalent)	(17.14p)	(14.29p)	(37.14p)	Current cost profit attributable to members of the Bank	23.7	18.1	25.7
Average number of shares in issue (Rights Issue of 17.4m shares, June 1979)	86.4m	73.2m	79.8m	Dividend	10.4	9.9	22.5

NOTES:

1. Net new provisions for bad and doubtful debts charged in arriving at the trading profit of the Bank and its Subsidiaries were:—

	Six Months Ended 30th June 1980	Year Ended 31st Dec. 1979
Specific	21.8	15.5
General	5.8	6.2
	27.6	21.7

2. The charge for taxation is based upon latest known rates including United Kingdom Corporation Tax at 52%.

3. Earnings per share have been calculated upon net profits after taxation and minority interests, £50.9 million, and the average number of shares in issue during the period.

NOTES:

1. The monetary working capital adjustment reflects the effect of inflation on Group monetary working capital and is calculated by applying the United Kingdom retail price index or overseas equivalents to average net monetary assets.

2. The depreciation adjustment represents the difference between the amount charged in the historical cost accounts and an estimate of the charge for depreciation on a current cost basis.

3. The gearing adjustment reduces the monetary working capital and depreciation adjustments by the proportion of loan capital to total capital employed.

هكذا من العمل

BIDS AND DEALS

Starwest offers 120p for rest of Gough Cooper

A FULL-SCALE bid offer for Gough Cooper, the housing concern, was launched yesterday by Starwest Investment Holdings, the private company which acquired 29.5 per cent of Gough's shares in a dawn raid by stock-brokers Capel-Cure Myers on the morning of July 22. The offer, 120p in cash for each of the 6.5m Gough ordinary shares not already owned by Starwest, values Gough Cooper at a total of £9.4m.

Mr. John Boardman, chairman of Gough Cooper, said last night that the offer price was "most unrealistic and surprising". He said the bid from Starwest contradicted assurances which had earlier been given by Mr. Remo Dipre, chairman of Starwest, that he would not make an offer.

"He originally told me that he was not going to make the offer. As recently as last Monday we met and he said nothing about any bid," explained Mr. Boardman. He added that Mr. Dipre had on Monday requested a seat on the board of Gough Cooper and that this request had been turned down.

News of the bid by Starwest reached the Stock Exchange yesterday morning and within an hour Gough Cooper shares rose above the 120p offer price. They closed at 124p, up 22p.

Mr. Dipre said yesterday that he had "no intention of increasing the offer." There were three reasons for making the bid. These were his failure to secure board representation, the fact that Gough Cooper's dividend would be maintained rather than increased this year, and a recent property revaluation by Gough Cooper which put net assets per share at 215p, compared with 185p per share as at September 30 of last year.

At Hill Samuel, Gough Cooper's merchant bankers, a spokesman yesterday referred to the 215p net asset value and said: "The 120p price is both unwelcome and unrealistic. It does not reflect the value of the company at all."

After urgent meetings between Hill Samuel and Gough Cooper a statement was issued last night advising shareholders to "take no action with regard to their holdings." The board of Gough Cooper will be meeting this morning to decide upon its formal reaction to the Starwest offer.

Mr. Dipre said yesterday that if the bid were successful he would withdraw Gough Cooper's listing as a publicly quoted company. He said that he was ready to finance the £9.4m for the 70.1 per cent of Gough Cooper which he does not own through cash flow and medium-term borrow-

ings from the Twentieth Century Banking Corporation.

"Twentieth Century will be fronting this operation for us," he said. He added that this bank had agreed to provide full facilities for the bid offer at 120p.

Mr. John Bancroft, Starwest's adviser at the Twentieth Century Banking group, said yesterday that his bank was first approached to finance the dawn raid in July and provided loans of £2.2m for this purpose. Then, in the middle of August, he said that Mr. Dipre returned to ask for the funding of a full-scale bid. Starwest's net assets in the most recent balance sheet as at March 31 totalled £7m.

According to Mr. Dipre, Starwest's current net borrowings amount to around £4m. Last year Starwest's pre-tax profit came to £1.6m on a turnover of £6.9m. Mr. Dipre said that £800,000 of this profit came from the construction of around 150 houses and a further £300,000 came from engineering profits. Most of the latter earnings came from the manufacture of generating sets for export by two Starwest subsidiaries.

Mr. Dipre said that the 120p cash offer for Gough shares "fully reflects" the company's value and the trading record of the past five years.

MINING NEWS

Hampton Areas is confident

BY KENNETH MARSTON, MINING EDITOR

THE EXPANDING Hampton Gold Mining Areas which has high hopes of joining the small group of North Sea independent oil companies anticipates another good year. At yesterday's London meeting the chairman, Mr. J. R. Ley, confirmed that all divisions of the company are doing well.

He pointed out that an important development for Hampton Areas will be the North Sea well on block 16/21-a which is to be drilled later in the year by the consortium in which the company has a 5 per cent stake. Earlier this year Mr. Ley said that it was reasonable to hope that the block would be capable of economic development.

Meanwhile, the group's Wulst mining machinery arm has made a good start to the current financial year and so had the Great Rm UK coal operation. The important royalties on part of Western Australia's Australian nickel operations are being well maintained.

Finally, the chairman announced that he will be resigning in the next few months in favour of another to "take the company on to its next stage which I hope will be as productive to the shareholders as my period in office."

Mr. Ley has been a director of Hampton Areas since 1959 and saw the company's subsequent emergence from comparative obscurity following the discovery of nickel on part of its Western Australia property. He has played a major role in leading the company to its successful diversification while retaining the important base of the royalty agreement with Western Mining.

At the same time, his cool-headed and shrewd comments on the Australian mining scene both during and after the wild nickel boom days have offered a valuable guide to the investment community.

Nevada gold and silver find

Louisiana Land and Exploration announces the discovery of a new gold and silver-bearing orebody adjacent to its Smoky Valley Mining division's gold-mining operation near Round Mountain, Nevada.

Based on assays of samples taken from approximately 80 drill holes, the company estimates the orebody to be some 36m tons. Recovery is expected to be 800,000 ounces of gold and 300,000 ounces of silver, if the ore is processed through existing heap leach facilities. However, studies of more efficient methods of recovery are being conducted.

Purchase of equipment and pre-production operations will begin in late 1980. Commercial production from the newly discovered reserve is expected by mid-1983 and, under current economic conditions, will extend the life of the operation well into the 1990s.

Louisiana Land operates the Smoky Valley Mining division through its Copper Range subsidiary and holds a 50 per cent interest in the property. The joint venture partners, Felmont Oil Corporation, S.G. Pomeroy and Co., share the remaining 50 per cent ownership.

Barton setback but pays more

TAXABLE PROFITS of Barton and Sons, Midlands-based tin, manufacturer and engineer, tumbled in the half-year to June from £2.05m to £1.18m. Sales during the period showed a drop to £25.1m, compared with £26.7m.

The chairman, Mr. John Wardle, says he does not think any meaningful forecast could be made on the likely results for the second half of the year. Conditions are likely to remain difficult, he says, and the primary object of management must be to run a tight ship while at the same time maintaining the group in a position where it can take immediate advantage of any recovery in demand.

But the Board are confident that the group's reserves are strong and have increased the interim dividend from an effective 1.27p to 1.4p net. Last time a total equivalent of 3.27p, after allowing for the one-for-10 bonus issue, was paid from pre-tax profits of £3.32m.

In the UK trading profit remained virtually static at £1.44m (£1.66m) but with Canada also suffering from a recession, the overseas trading surplus fell from £556,000 to £163,000 during the six months.

Interest charges rose to £587,000 (£173,000) and after tax reduced from £550,000 to £300,000 stated earnings per 25p share are 3.55p (6.21p). Retained profit showed a marked fall to £517,000 (£1.18m) after dividends which absorbed £336,000 (£305,000). Group profit was after depreciation of £476,000 (£445,000).

The chairman says that after a promising first quarter, sometime in the second quarter manufacturing industry encountered an almost overnight reduction in demand of a severity unparalleled in industrial experience since the war.

Referring to the closure of steel construction subsidiary Wright Aoderson and Co., Mr. Wardle says although the likely result will be a reduction in reserves or in the amount carried

to reserves in the regime of seven figures, it is not, in his view, a trading loss but a recognition of a situation which was beyond redemption and which will improve the potential profitability of the group.

The closure costs will appear in the accounts for the year as an extraordinary item.

Bank overdrafts and loans as at June 1980, were £5.38m (£4.75m as at December 1979).

AMC improves in second quarter

Second-quarter taxable profits of Amalgamated Metal Corporation have increased in comparison with the corresponding period last year, according to a divisional report which will be issued by its parent company, Preussag AG, later this week.

Continuing active markets in the London Metal Exchange again brought a gratifying rise in metal trading profits, the report states. But international physical trading in non-ferrous metals, non-ferrous alloys, secondary materials and scrap still did not reach break even point.

Profits of AMC's industrial division were adversely affected by reduced sales of steel in Canada and the USA, and sales of luminous products also fell.

George L. Scott and Co. achieved a satisfactory improvement in profits and Titanium Metal and Alloys continued to produce a positive result. BKS Group reversed its unfavourable results of the first quarter.

Tin smelting profits from Penang and Nigeria were higher despite a lower throughput of concentrates, but continued product difficulties brought further losses at Northern Chronicle.

Sears turns to US and Europe for expansion of footwear side

Mr. Geoffrey Maitland Smith, chief executive of Sears Holdings, said yesterday that the group was looking at a number of mid possibilities in the U.S. which might include "Morse Shoe of Canton, Massachusetts. But year was not engaged in talks with this company," he added.

Morse Shoe, a manufacturer of low-priced fashion shoes, disclosed last week that a company had requested some information so that it could decide whether there was sufficient interest for it to open acquisition talks. Mr. Smith said that the company had declined to identify the company, but a report in Footwear News, a U.S. trade publication, said that the company could be Sears Holdings.

Morse has over 600 shoe stores throughout the States trading under the Fava name. This company has 5,000 employees and has been a supplier of footwear to Sears for some years. In the group's last financial year, sales amounted to \$384m and profits to \$15m.

On the U.S. expansion plans Mr. Maitland-Smith said he felt that it was the "right time to do it" but he hoped that the

group's moves were not too late.

The chief executive said that the U.S. was a very interesting area, particularly with the position of the dollar in relation to sterling. The group was also on the lookout for possible acquisitions in Europe, said Mr. Maitland-Smith—prospects for expansion in the footwear industry in the UK were somewhat limited in view of its present coverage.

The group, which includes Selfridges stores, William Hill betting shops and Deleis, Saxone and Freeman Hardy and Willis national shoe shop chains, reported pre-tax profits virtually unchanged at £92.8m (£92.6m) for the year ended January 31, 1980. First-half profits were higher but they fell back in the second half, reflecting increased pressure on margins in the footwear division and losses on the engineering side.

UNILEVER TALKS
Unilever NV said that talks had reached an advanced stage on its proposal to acquire the remaining shares of Unilever-Emery NV, the Netherlands-

holland manufacturer of edible fats.

Unilever, which currently has a 50 per cent stake in the concern, proposes to acquire the remaining 50 per cent from Emery Industries, Inc. Emery Industries is a subsidiary of National Distillers and Chemical Corp.

Intl. Timber has over 20% of Brownlee

International Timber Corporation has increased its holding in Brownlee, a Glasgow-based timber merchant, from 18 to 20.24 per cent. ITC has acquired a further 197,500 shares making a total of 2,151,587 shares.

This follows the purchase last month of a 6 per cent holding in Brownlee which formed part of a 2.4 per cent stake disposed of through the market by McCord Russell. The balance was acquired by a wide range of institutions.

Mr. Ronald Groves, chairman of ITC, said last month that the group had no bid intentions and any future purchases of shares would depend on the time and price. The shares were unchanged at 60p yesterday, which is close to the year's low of 54p.

Whittingham agreement on Colortrend

William Whittingham (Holdings) has entered into a conditional agreement with Mr. John Guy Martin, managing director and founder of Whittingham's subsidiary Colortrend (Holdings), and the beneficial owner of 30 per cent of the equity of Colortrend, whereby Whittingham has the option to purchase Mr. Martin's holding.

The option is open for a period of six years from January 1, 1981. The price payable will be calculated by reference to the earnings of Colortrend as shown in the audited accounts for the financial year immediately preceding the exercise of any such option.

Mr. Martin will also enter into a service agreement for a period of not less than eight years from November 1, 1979. The agreement is conditional upon the approval of the members of Whittingham. Accordingly, an EGM will be convened and a circular letter sent to shareholders containing full details of the conditional agreement and also full information—including an accountant's report—with regard to Colortrend.

GRAND MET./CORAL Capapouin Securities, a wholly owned subsidiary of Grand Metropolitan, acquired on September 4 100,000 ordinary Coral Leisure Group shares and has since acquired a further 490,000 at 90p. Grand Metropolitan has made an agreed bid for Coral.

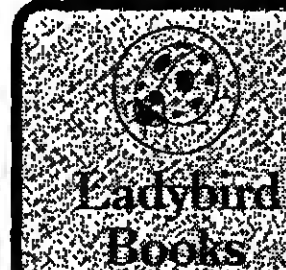
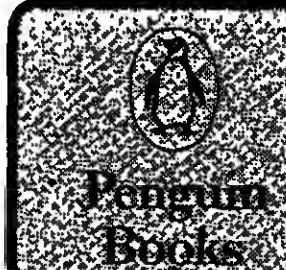


CREST INTL. Angliana's offer for Crest International Securities has been accepted in respect of 518,681 ordinary shares (22.19 per cent) and 1,314,750 preferred ordinary shares (28.19 per cent). In aggregate, these shares carry the right to 25.19 per cent of the votes.

The offer is unconditional and is an longer open. Prior to announcement of the offer, Angliana had agreed to acquire 382,250 ordinary and 2,161,275 preferred ordinary shares.

WARD WHITE Ward White Group directors say that in connection with the acquisition of D. Lewis, announced in August 1980, 344,827 ordinary shares of Ward have been issued to satisfy £200,000 of the total price of £595,000.

PEARSON LONGMAN

A publicly listed subsidiary of S. Pearson & Son



Results for the half year to 30th June 1980 (unaudited)

	1980 Half year	1979 Half year
Turnover	£105.9m	£92.0m
Profit before tax	£5.6m	£10.5m
Profit after tax	£4.4m	£6.4m
Earnings per ordinary share	11.4p	15.5p

The first six months have not been good for Pearson Longman. The period has been marked by industrial disputes, declining demand in the U.K., and increasing competition in overseas markets. Our profits before tax for the first six months are down by £4.9 million, a drop of 47 per cent.

The N.G.A. union dispute seriously affected our newspaper results. We estimate that the total cost of the dispute exceeded £4 million. Westminster Press was disrupted for over five weeks, the Financial Times failed to print on a number of occasions and the Investors Chronicle missed four issues. Little was gained by anyone from this dispute. Much was lost. Westminster Press has had to postpone £2 million of capital expenditure.

The book companies have also had a difficult time. High interest rates are forcing the retail trade to hold very

limited stocks. Public expenditure cuts are affecting the domestic educational markets. The strong pound, although reducing the cost of newprint to the newspaper companies, continues to make it more difficult for U.K. book publishers to compete in important overseas markets particularly against their American and German rivals. The difficulties of Penguin have been well publicised but the figures also reflect the change of status of Viking Penguin Inc., which became a subsidiary in September last year.

The prospects for the balance of 1980 are not good.

The directors have declared an interim dividend on the ordinary share capital of 3.75p per share, the same as last year. This dividend will be paid on 31st October 1980 to shareholders on the register of members on 3rd October 1980.

A copy of the full announcement is available from the Secretary, Pearson Longman Limited, Millbank Tower, Millbank, London SW1P 4QZ. Telephone: 01-828 9020.

HAMPTON GOLD MINING AREAS

(Principal interests in mining machinery manufacture, coal mining, royalties from Australian nickel mining and exploration in Australia and the North Sea.)

1980 RESULTS

- Turnover increased by 49.5% to £8.81m
- Royalties increased by 44.3% to £744,148
- Profit before tax increased by 29.9% to £1,178,202
- Total dividend increased from 3.5p to 4.5p

Following the second successful well on Block 16/21-a in the North Sea, a further appraisal well is to be drilled. It is reasonable to hope that the Block will prove to be capable of economic development. The Company has joined in applications for licences in the Seventh Round.

Copies of the Report and Accounts for the year to 31 March 1980 may be obtained from The Secretary, Hampton Gold Mining Areas Limited, 1, Vintners' Place, London EC4A 3DP.

INTERNATIONAL COMPANIES and FINANCE

Filipino bank mergers to be eased

BY LEO GONZAGA AND PHILIP BOWRING

Ranks Hovis McDougall Ltd. are backing the MHA's 'Have a care for the eighties' campaign to double its caring capacity by 1990 will your Company help too?



I have long been aware of the important work of the Methodist Homes for the Aged and I was pleased to be able to offer support when my company was asked to help pioneer an approach to housing and commerce for financial aid. It is my hope that the campaign will produce the urgently required funds, via direct donations and via committed donations.

Joseph Hall
Director, Ranks Hovis McDougall Ltd.

The need is urgent. The number of elderly people in the population is escalating rapidly. MHA are planning ahead for the whole decade with new residential Homes. Homes Communities (sheltered housing), incorporating Day Care centres as opportunities develop. The first project is in Penrith, Cumbria providing for 20 flats with staff accommodation and community facilities.

Will your company support this enterprising programme? Please send your donation to the General Secretary, Brian I. Cullin MA, B Sc, Methodist Homes for the Aged, Dept FT, Freeport, London SW1P 3ER.



METHODIST HOMES FOR THE AGED

21 Nelson Street, Westminster, London SW1P 3EQ, Tel 01-222 6611
General Secretary, Mr. Brian I. Cullin MA, B Sc
Methodist Homes for the Aged, Dept FT, Freeport, London SW1P 3ER

SWEEPING CHANGES in laws governing banks and the many other financial institutions in the Philippines may bring about a rash of mergers. That at any rate is one Government objective of the changes which in part aim to reduce the legal barriers between institutions which have long compartmentalised Filipino banking, and to increase competition. The Government would like to see fewer, bigger, stronger financial groups better able to lend medium- and long-term and at lower spreads than at present.

So far only one marriage has been finalised, between the Bank of the Philippine Islands (BPI) — at present the third largest private commercial bank in gross assets — and Commercial Bank and Trust Company (Contrust), ranked 18th out of 26. But there is much discussion between bankers, and even more rumours in the market place, about other mergers in the works involving both banks and other financial institutions.

What is not clear however is the extent to which the new rules, which are still mostly in draft form, will affect the four foreign banks with branches there — Chartered, Citibank, Hongkong and Shanghai, and Bank of America — or the minority holdings that foreign institutions hold in some Philippine banks and finance houses.

Scope for reform has long existed. At present there are 32 commercial banks, of which 26 are locally and privately owned. But one state-owned commercial bank, the Philippine National Bank, is much much larger than any of the private

ones, accounting for over a quarter of all bank assets. Next in rank is the local branch of Citibank.

The largest of the local private sector banks, Allied Bank, had at the end of March gross assets of 6.1bn pesos, only \$820m.

Commercial banks in total also account for only 55 per cent of financial assets, the remainder being divided between no less than 20 separate categories of bank and non-bank institution, including savings and rural banks, development banks, investment houses and finance companies. Last year a joint International Monetary Fund/World Bank mission undertook a study of the financial sector and came up with recommendations to reduce fragmentation, increase competition, and encourage longer term lending. Its report is the basis of the reforms drafted by the Government.

Most attention has been concentrated on moves to what has been popularly dubbed "unbanking", a catchphrase used to describe the opening up of investment banking and other banking activity to commercial banks, either as an in-house activity or through subsidiaries. However, only banks with shareholders' funds of P500m or more will be allowed the "extended" licence needed for unbanking. Until the BPI/Contrust merger no privately owned local bank qualified as none had P500m net assets.

Thus mergers, or an injection of capital from the shareholders, is necessary if the banks want to qualify for the "extended" licence. This status will allow the banks con-



The Citibank office in Manila.

cerned to own all other types of financial institutions, to participate up to 35 per cent in the equity of non-financial enterprises, to undertake underwriting and other investment bank functions. They may not do finance company or leasing business directly but may own subsidiaries operating in these fields.

Expanded banks will have to

make shares equivalent to at least 10 per cent of their net worth available to the public. This could be a significant boost to the stock market. At present, few banks are listed and those that are are tightly held and little traded. Further measures are also contemplated to reduce family control of banks and make them responsive more to the needs of commerce in

general than specific family or business groups.

Expanded banks with 500m pesos of capital will be allowed on a case-by-case basis to reduce their net worth-to-risk assets ratio to 5 per cent from a current 10 per cent. If their capital exceeds 700m pesos the ratio may be reduced to 6 per cent. Measures, probably including tax incentives, will be introduced to encourage longer-term lending. One of the official complaints against banks is that though term deposits have increased rapidly in recent years as a percentage of total deposits, bank asset maturities have not lengthened significantly.

Quite how many institutions will want to enjoy the advantages of extended banking remains to be seen. Past efforts to encourage bank mergers have not been very successful because of family interests, and the profits to be made from the investment banking activities now allowed to commercial banks are not thought very enticing.

Meanwhile, down at the small bank end of the commercial bank spectrum there will be different forces encouraging mergers. Various types of thrift funds are being given the opportunity to expand into all commercial banking activities other than foreign exchange. Thrift funds will thus be able to use their existing premises to attract small town and rural business which might have gone to the expanding branch networks of commercial banks.

Rural banks themselves will also have their scope expanded. More significantly, the unit banking principle hitherto followed for rural banks — of which

there are more than 1,000 — is being abolished. Rural bank chains will now be permitted, and commercial banks or bank holding companies will be permitted to own them. Together, these moves are likely to bring about concentration of banking ownership, a reduction in overlapping and perhaps some closure of premises.

For the foreign banks the overall package of measures still contains uncertainties. Specifically it is unclear whether their branches will be allowed "extended" banking status, and if so on what conditions. At present foreign companies are only allowed holdings of a maximum 40 per cent in non-bank financial institutions. That is unlikely to change.

The foreign bank branches would like to be able to increase their gearing ratios and enjoy any tax privileges that may be accorded to extended banks.

In certain cases they might like to be involved in some merchant banking functions. However it is thought unlikely that they would want to become involved in equity ownership of non-financial institutions. They would probably prefer to forge extended bank privileges rather than have to incorporate their branches in the Philippines and have to sell shares to the local public. That would create administrative headaches and increase their costs of doing business in offshore interbank markets. However none of the foreign banks is concerned that the banking reform will hurt them or that the Government will make any significant changes in their operating environment without consultation.

APPOINTMENTS

National Westminster Paris post

Mr. Ron D. Goddard has been appointed regional general manager for France, based in National Westminster Bank's wholly-owned subsidiary INTERNATIONAL WESTMINSTER BANK in Paris. Since 1976 he has been at International Westminster Bank in Brussels, for the last three years as chief manager responsible for Belgium. He is succeeded by Mr. Ron H. Williams, who has been a regional manager, Western Europe region, International banking division, based in the City of London.

Mr. Barry C. Ross has been appointed general manager, VIDEO EUROPE, an affiliate of Exco Information Systems. Brigadier Alan Cowan has been appointed secretary of the GOVERNMENT HOSPITALITY FUND, in succession to Mr. Christopher Barclay who has retired.

Mr. Albert Toke, deputy director (imaging) Barnsley area, has been appointed director of the NATIONAL COAL BOARD'S Doncaster area from October 1. He succeeds Mr. J. E. Wood.

The MOSS ENGINEERING GROUP has appointed Mr. David Eagleshead as managing director of the subsidiary company, Welded Presswork Birmingham. Mr. T. E.

Millington, former managing director, has taken early retirement following illness.

Mr. Frank Chapple has been appointed to the Board of the NATIONAL NUCLEAR CORPORATION. Mr. Chapple is general secretary of the Electrical, Electronic, Telecommunications and Plumbing Union.

Dr. J. W. Malpass has joined the Board of THE DE LA RUE COMPANY and been appointed finance director in succession to Mr. Frederic King who, having reached statutory retirement age, has relinquished his appointment while remaining a non-executive director of De La Rue.

Mr. A. B. Trafford has been appointed director and factory manager of ANSON, CAST PRODUCTS, Castleford, Yorkshire, a subsidiary of Yorkshire Imperial Fittings.

Mr. P. W. Metcalf has been appointed a director of TOWRY LAW (CHANNEL ISLANDS). Mr. P. P. Rylatt and Mr. B. F. Macken have been appointed directors of Towry Law (Pension Services) and Towry Law (Pension Consultants).

Mr. Tony Hall has joined the Board of ELLERMAN KEYS, freight forwarders, and

its Norwegian subsidiary, Ellerman Keyways Spedition. Mr. Peter Murray has also joined the Board of ELLERMAN KEYS.

OILFAB, a multi-national engineering group based in Aberdeen, has appointed two main Board directors — Mr. Edward Loring, who has gone to Western Australia as managing director of Oilfab Oceania Pty. in Perth; and Mr. Tom Baker, who was most recently in charge of Oilfab's management team for the Shell Fulmar jacket fabrication contract at Nigg Bay, where he is based.

AIRBORNE INDUSTRIES states that Mr. Don Regan has retired as commercial director. Mr. Mike Martin, Mr. John Copel, and Mr. Bill Gledhill have been promoted to the Board, and to reflect the change in ownership of Airborne's parent company, J.K. Industrial Investments, Mr. James Leek of Caparo Group joins the Board and replaces Mr. Michael Slocock.

Mr. J. G. Beckett has decided to pursue other opportunities, and has resigned as managing director and from the Board of GEORGE H. SCHOLES AND CO. Mr. G. R. C. McDowell has become managing director in addition to his position as chairman of the Board.

CONTRACTS

£5.5m coaching stock shed for BR

BALFOUR BEATTY CONSTRUCTION has been awarded a £5.5m contract by British Rail, Eastern Region, for coaching stock facilities at Crown Point, Norwich. The work consists of the construction of a steel-framed main shed with a floor area of 9,000 square metres, smaller buildings, including a two-storey amenities block and external works over five hectares comprising drainage, roads and paving, services, fencing and flushing, fuelling and off-loading aprons. Work has started, and will take two years.

An order worth more than £430,000 has been placed with FOXBORO YOXALL, Redhill, Surrey, through the shipbuilding contractors Harland and Wolff of Belfast, in provide two new 1,000-tonne ships of the Shell Tankers UK fleet with computer and instrumentation equipment. The ships, which will ply between the Brent natural gas field in the North Sea and the East Coast of the U.S. carrying butane and propane, will each have a Fox 3 computer for data logging and monitoring.

SULZER BROTHERS (UK) has an order from the Rhuddlan Borough Council for a heat recovery system for the new Suncentre at Rhyl, N. Wales. The project is valued at £370,000 and consists of a heat pump installation for reclaiming heat from the main pool area and returning it in the pool and building, making a saving in the order of £86,000 per annum based on present day fuel costs.

An order worth over £300,000 for three 500 kW waste heat recovery steam turbo-generator sets has been awarded to PETER BROTHERHOOD. The systems are to be installed in three 65,000 dwt product carriers being built at the China Shipbuilding Corporation shipyard in Taiwan for Kuwait National Petroleum Company.

ASHWELL SCOTT is refurbishing the engineering installations at the Swits Centre restaurants in London's West End. The £300,000 contract involves the key services — air conditioning, ventilation, plumbing and cold

rooms — for the five restaurants, which have to remain fully operational throughout the work.

ADAMSON BUTTERLEY has designed two overhead travelling cranes, which will each incorporate three crabs on one span (maximum lift 80 tonnes) for the British Aluminium Company. The John Smith, Kelchley division, is in manufacture the cranes, valued together at over £500,000 for British Aluminium's £35m smelting plant modernisation programme at Fort William in Scotland. The cranes will lift electrolytic cell cathodes within which aluminium is smelted, and which from time to time need removing for re-lining.

SPERRY UNIVAC has gained four new-name customers for its recently launched System 80, two of whom will be switching from IBM equipment. The customers are Pico, electrical distributor; Mitsui Machinery Sales UK; Woodfield and Stanley, North of England children's library book supplier; and the Bristol-based South Western Examination Board, which is responsible for CSE exams in the South-West. Total value of the order is £500,000.

FAIRLEY ENGINEERING has an order worth over £400,000 to supply British Nuclear Fuels with process gas valve hot boxes for the new fuel enrichment plant under construction at Capenhurst. They provide a temperature controlled environment for process gas control and isolation valves.

BASE LENDING RATES

A.B.N. Bank	18%	Handbrass Bank	16%
Allied Irish Bank	16%	Hill Samuel	12%
American Express Bk.	16%	C. Hoare & Co.	12%
Amro Bank	16%	Hongkong & Shanghai	16%
Henry Ansbacher	16%	Industrial Bk. of Scot.	16%
A.P. Bank Ltd.	16%	Keyser Ullmann	16%
Arbuthnot Latham	16%	Knowles & Co. Ltd.	16%
Associates Cap. Corp.	16%	Langris Trust Ltd.	16%
Banco de Bilbao	16%	Lloyds Bank	16%
Bank of Credit & Commerce	16%	Lloyds Bank & Co. Ltd.	16%
Bank of Cyprus	16%	Midland Bank	16%
Bank of N.S.W.	16%	Samuel Montagu	16%
Banque Belge Ltd.	16%	Morgan Grenfell	16%
Banque du Rhone et de la Savoie S.A.	16%	National Westminster	16%
Barclays Bank	16%	Norwich General Trust	16%
Bremer Holdings Ltd.	16%	P. S. Refson & Co.	16%
Brit. Bank of Mid. East	16%	Rossmore	16%
Brown Shipley	16%	Ryl. Bk. Canada (Ltn.)	16%
Canada Perm'l Trust	16%	Schlesinger Limited	16%
Cayzer Ltd.	16%	P. S. Schwab	16%
Cedar Holdings	16%	Security Trust Co. Ltd.	16%
Charterhouse Japhet	16%	Standard Chartered	16%
Choulatins	16%	Trade Dev. Bank	16%
C. E. Coates	16%	Trustee Savings Bank	16%
Consolidated Credits	16%	Twentieth Century Bk.	16%
Co-operative Bank	16%	United Bank of Kuwait	16%
Corinthian Secs.	16%	Whiteaway Laidlaw	16%
The Cyprus Popular Bk.	16%	Williams & Glyn's	16%
Dunlop Lawrie	16%	Winttrust Secs. Ltd.	16%
Eagle Trust	16%	Yorkshire Bank	16%
E. T. Trust Limited	16%	Members of the Accepting House Committee:	
First Nat. Fin. Corp.	16%	7-day deposits	14%
First Nat. Secs. Ltd.	16%	1-month deposits	14%
Robert Fraser	16%	7-day deposits on sums of £10,000 and under	14%
Antony Gibbs	16%	14% and over £25,000	14%
Greyhound Guaranty	16%	Call deposits over £1,000	14%
Grindlays Bank	16%	Demanded deposits	14%
Guinness Mahon	16%		

هكتا من الذهب

Companies
and Markets

CURRENCIES, MONEY and GOLD

Sterling falls

Sterling fell sharply in late foreign exchange trading yesterday, following publication of the monthly UK banking figures, and a statement from the Treasury that the rate of growth of the money supply is expected to fall back sharply. The improvement in the banking statistics and the official statement on money supply—despite the sharp rise in M3 during August—led to increased speculation that Bank of England Minimum Lending Rate will be cut in the near future.

Trading was very dull during the morning, with the pound opening at \$2.4230-2.4230, and touching a peak of \$2.4250-2.4250, before easing to \$2.4195-2.4195 at noon. In the early afternoon, sterling declined to \$2.4050-2.4050, fell to a low of \$2.3950-2.3950 on the money supply news and the possible implications for MLR. It closed at \$2.4000-2.4010, a fall of 1.50 cents on the day.

Sterling's trade-weighted index, which was unchanged at 76.8 in the morning and at noon, fell to 76.0 at the close, according to the Bank of England.

The U.S. currency rose to DM 1.7795 from DM 1.7770 against the D-mark and to SwFr 1.6320 from SwFr 1.6235 in terms of the Swiss franc. There was little change against the Japanese yen, with the dollar easing slightly to ¥216.65 from ¥216.70.

D-MARK—One of the weaker members of the European Monetary System of late, but showing signs of recovery against the dollar following doubts about the future trend in U.S. interest rates and Federal Reserve monetary policy ahead of the Presidential election. The D-mark was firm against the dollar and sterling at the Frankfurt fixing, but declined against the Swiss

franc, and showed mixed changes against its EMS partners. The French franc rose to DM 43.005 per 100 francs from DM 43.00, and the Italian lira to DM 2.103 per 1,000 lira from DM 2.100. The Irish punt was unchanged at DM 3.750, but other EMS currencies lost ground at the fixing. A total of \$12.15 was bought by the Bundesbank when the dollar fell to DM 1.7757 from DM 1.7806, as the authorities intervened at the fixing for the first time in several weeks. The pound was fixed at DM 4.2980 compared with DM 4.3020.

ITALIAN LIRA—Weakest member of the EMS, reflecting high inflation and balance of payments problems, and further undermined by rumours of devaluation. The lira improved against the dollar, sterling and Swiss franc at the Milan fixing. Within the EMS the D-mark rose to L475.78 from L475.74, the Danish krone to L154.80 from L154.07, and the Irish punt to L17.97 from L17.9620. The French franc and Dutch guilder each weakened slightly, while outside the EMS the dollar fell to L845.05 from L847.20 and sterling to L2,043.90 from L2,048.20.

JAPANESE YEN—Advancing steadily since the middle of last month, helped by the general weakness of the dollar and the relatively successful fight against inflation which allowed a cut in the central bank discount rate. The yen gained ground against the dollar in fairly active Tokyo trading. The U.S. currency fell to ¥216.65 from ¥216.70, but recovered slightly as Japanese oil companies took advantage of the situation to buy dollars for import covering.

EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	% change from central rate	% change from previous day	Overshooting limit %
Belgian Franc	33.7857	-0.0003	-0.0003	-1.53
Danish Krone	7.2233	0.0007	0.0007	-1.53
German Mark	2.4028	0.0002	0.0002	-1.53
French Franc	5.9321	-0.0001	-0.0001	-1.53
Dutch Guilder	2.7333	-0.0001	-0.0001	-1.53
Irish Punt	0.6920	0.0000	0.0000	-1.53
Italian Lira	1,936.27	-0.0001	-0.0001	-1.53

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 9	Pound Sterling	U.S. Dollar	Deutsche Mark	Japan Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	2.401	4.275	280.3	9.933	2.980	4.649	203.1	2.781	68.45
U.S. Dollar	0.417	1	1.781	216.7	4.138	1.633	1.839	846.1	1.162	28.51
Deutsche Mark	0.234	0.562	1	181.7	2.332	0.017	1.087	475.1	0.653	16.01
Japan Yen	1.982	4.114	9.217	1,000	18.09	7.565	8.933	3,004	5.364	131.6
French Franc	1.007	2.417	4.204	523.8	10	3.947	4.678	204.5	2.809	68.99
Swiss Franc	0.355	0.612	1.091	132.7	2.534	1	1.188	518.1	0.712	17.46
Dutch Guilder	0.215	0.517	0.920	111.9	2.137	0.043	1	437.0	0.600	14.73
Italian Lira	0.492	1.123	2.105	266.2	4.890	1.830	2.388	1,000	1.574	33.70
Canadian Dollar	0.355	0.650	1.432	186.4	3.559	1.405	1.665	727.9	1	24.53
Belgian Franc	1.461	3.507	6.245	760.0	14.51	5.727	6.790	2967	4.077	100

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 9)

3 months U.S. dollars	5 months U.S. dollars
bid 11 1/8 offer 11 3/4	bid 12 offer 12 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term	15 1/8-15 3/8	10 1/4-10 3/4	7 1/2-7 3/4	10 1/4-10 3/4	14 1/4-14 3/4	8 1/2-8 3/4	11 1/2-11 3/4	14 1/4-14 3/4	10 1/4-10 3/4	17 1/2-17 3/4
7 days' notice	15 1/8-15 3/8	10 1/4-10 3/4	7 1/2-7 3/4	10 1/4-10 3/4	14 1/4-14 3/4	8 1/2-8 3/4	11 1/2-11 3/4	14 1/4-14 3/4	10 1/4-10 3/4	17 1/2-17 3/4
Month	15 1/8-15 3/8	10 1/4-10 3/4	7 1/2-7 3/4	10 1/4-10 3/4	14 1/4-14 3/4	8 1/2-8 3/4	11 1/2-11 3/4	14 1/4-14 3/4	10 1/4-10 3/4	17 1/2-17 3/4
Three months	15 1/8-15 3/8	10 1/4-10 3/4	7 1/2-7 3/4	10 1/4-10 3/4	14 1/4-14 3/4	8 1/2-8 3/4	11 1/2-11 3/4	14 1/4-14 3/4	10 1/4-10 3/4	17 1/2-17 3/4
Six months	15 1/8-15 3/8	10 1/4-10 3/4	7 1/2-7 3/4	10 1/4-10 3/4	14 1/4-14 3/4	8 1/2-8 3/4	11 1/2-11 3/4	14 1/4-14 3/4	10 1/4-10 3/4	17 1/2-17 3/4
One year	15 1/8-15 3/8	10 1/4-10 3/4	7 1/2-7 3/4	10 1/4-10 3/4	14 1/4-14 3/4	8 1/2-8 3/4	11 1/2-11 3/4	14 1/4-14 3/4	10 1/4-10 3/4	17 1/2-17 3/4

Long-term Eurodollar two years 12 1/2-12 3/4 per cent; three years 12 1/2-12 3/4 per cent; four years 12 1/2-12 3/4 per cent; five years 12 1/2-12 3/4 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-day's notice. Asian rates are closing rates in Singapore. The following nominal rates were quoted for London dollar certificates of deposit: one-month 10.60-10.70 per cent; three-months 11.40-11.50 per cent; six-months 11.65-11.75 per cent; one year 11.70-11.80 per cent.

INTERNATIONAL MONEY MARKET

Rates remain steady

Interest rates continued to show little movement in Europe yesterday. German call money was quoted at 8.45 per cent in Frankfurt, compared with 8.50 per cent on Monday. Period rates were largely unchanged, although six-month money was slightly firmer at 8.725 per cent after 8.675 per cent. In Amsterdam call money rose to 10 1/4 per cent from 10 1/8 per cent, with one to 12-month money hardening by 4 of a point. Money rates in Paris were also static, with overnight funds at 11 1/2 per cent, the same as Monday, and period rates marginally firmer where changed.

In New York, Treasury bill yields were slightly higher in early trading after Monday's three and six-month bill auctions. Thirteen-week bills were quoted at 10.05 per cent compared with 10.05 per cent at the auction, and 26-week bills rose to 10.25 per cent from an average 10.23 per cent. Dealers noted a lack of retail demand for bills, while the market waited to see how the Federal authorities would act in today's money market. On Monday the authorities arranged three-day reverse repurchase agreements, thereby draining funds from the market, with Federal funds standing at 10 1/2 per cent. The market was also

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 15 per cent (from July 3, 1980). There was a slight shortage of day-to-day credit in the London money market yesterday, and the authorities gave assistance on a small scale. This comprised small purchases of Treasury bills and a small number of corporation bills as well as small lending to two or three discount houses at MLR, for repayment today. The market was faced with the repayment of Monday's small official advances, and funds were also drained in respect of recent gilt sales. In addition banks brought forward balances some way below target. On the other hand there was a small surplus of government disbursements over revenue transfers to the Exchequer.

In the interbank market over-

GOLD

Slight fall

Gold fell \$3 1/2 in the London bullion market yesterday, to close at \$667.67 1/2, the lowest level of the day. Profit-taking in the silver market prompted the decline in gold, which opened at the day's high of \$673.875. It was fixed at \$674 in the 674 on Monday.

Sept. 9	Sept. 8
Close.....\$667.67 1/2	(\$673.875)
Opening.....\$673.875	(\$673.875)
Morning fixing.....\$674	(\$673.875)
Afternoon fixing.....\$674	(\$673.875)
Gold Bullion (fine ounce)	
Close.....\$667.67 1/2	(\$673.875)
Opening.....\$673.875	(\$673.875)
Morning fixing.....\$674	(\$673.875)
Afternoon fixing.....\$674	(\$673.875)
Gold Coins	
Close.....\$667.67 1/2	(\$673.875)
Opening.....\$673.875	(\$673.875)
Morning fixing.....\$674	(\$673.875)
Afternoon fixing.....\$674	(\$673.875)

night loans opened at 16 1/4 per cent and eased to 16 1/8 per cent. During the afternoon rates fell away to close at 15 1/4 per cent. Period rates tended to ease as the market caught the scent of a possible cut in MLR

LONDON MONEY RATES

Sept. 9 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Authority negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills	Eligible Bank Bills	Prime Bank Bills
Overnight	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4
7 days' notice	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4
One month	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4
Three months	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4
Six months	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4
One year	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4	15 1/4

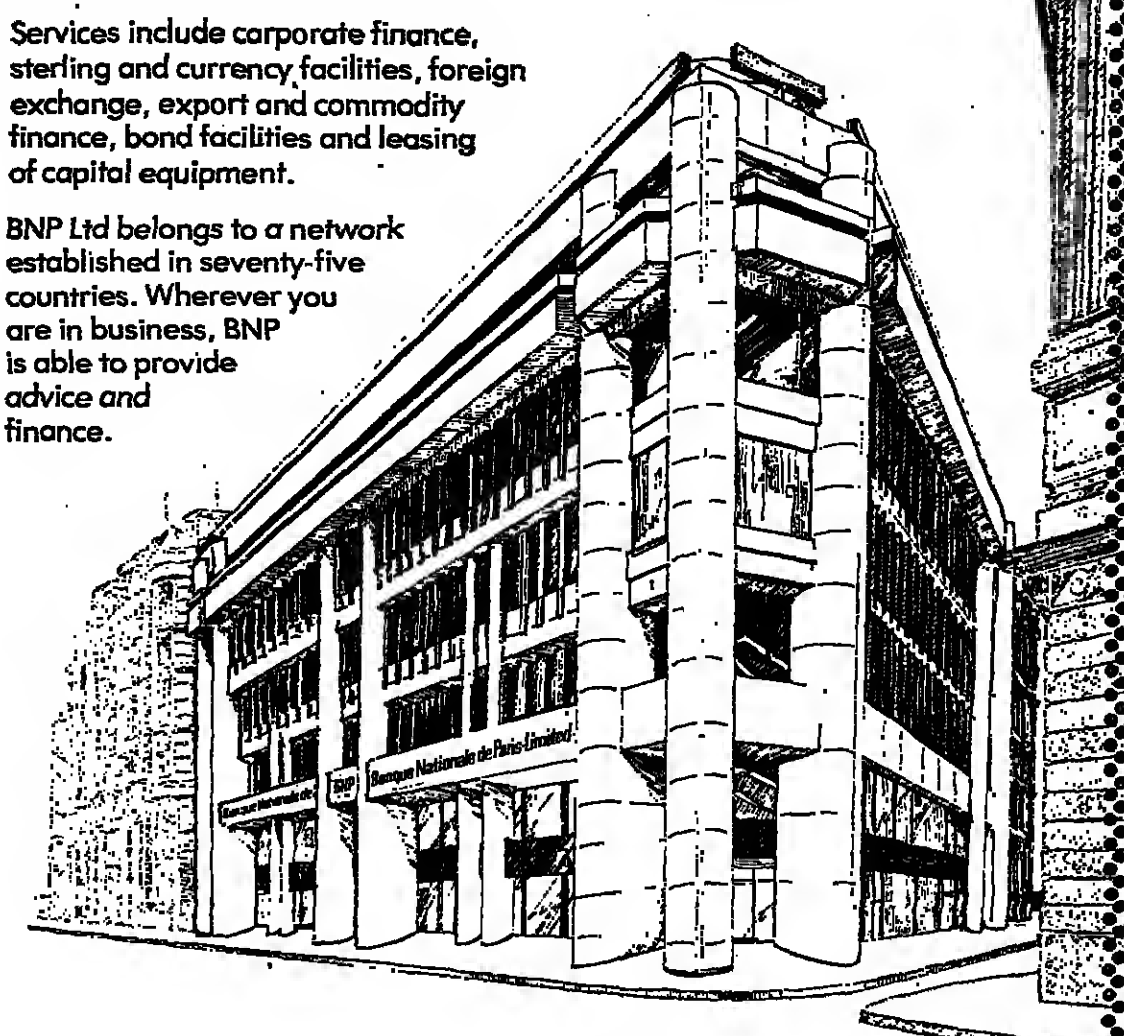
Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12 1/2 per cent, four years 12 1/2 per cent, five years 12 1/2 per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14 1/4 per cent; four-month Treasury bills 15 1/4 per cent. Approximate selling rates for one-month Treasury bills 14 1/4-14 1/2 per cent; two-months 14 1/4-14 1/2 per cent; three-months 14 1/4-14 1/2 per cent. Approximate selling rates for one-month bank bills 15 1/4 per cent; two-months 15 1/4-15 1/2 per cent; three-months 15 1/4-15 1/2 per cent; four-months 15 1/4-15 1/2 per cent; six-months 15 1/4-15 1/2 per cent; one year 15 1/4-15 1/2 per cent. Clearing Bank Average Rates for sums at seven days' notice 14 1/4 per cent. Clearing Bank Rates for lending 16 per cent. Treasury bill: Deposit tender rates at 4 1/4 per cent 14 1/4 per cent.

The bank for worldwide business

Banque Nationale de Paris Ltd has over a hundred years' experience in the City of London readily available to its clients in the UK and overseas.

Services include corporate finance, sterling and currency facilities, foreign exchange, export and commodity finance, bond facilities and leasing of capital equipment.

BNP Ltd belongs to a network established in seventy-five countries. Wherever you are in business, BNP is able to provide advice and finance.



Banque Nationale de Paris Limited

8-13 King William Street, London EC4P 4HS, Telephone: 01-626 5678, Telex: 883412 BNP LNB. Also in Knightsbridge, Birmingham, Leeds and Edinburgh. BNP Group Head Office: 16 Boulevard des Italiens, Paris 75009.

A FINANCIAL TIMES CONFERENCE

Australia: The Attractions for Future Investment

MELBOURNE 30 & 31 October 1980

The Rt. Hon. J. Malcolm Fraser, Prime Minister of Australia, will give the keynote address at this conference on The Attractions for Future Investment in Australia, arranged by the Financial Times in association with the International Federation of Stock Exchanges (FIBV) and supported by the Australian Associated Stock Exchanges.

The environment for major investment in the country including the development of Australia's energy and mineral resources and the industries based upon them, will be among the subjects to be analysed during the two days.

Speakers will include:

Senator The Hon. J. L. Carrick
Minister for National Development and Energy, Australia

Mr J. F. Kirk
Chairman and Managing Director, Esso Australia Limited

Mr Donald L. Calvin
Executive Vice President, The New York Stock Exchange

The Hon. Nicholas Assheton
Chairman, Property and Finance Committee, The Stock Exchange London

Mr Hiroshi Tanimura
President, Tokyo Stock Exchange

The Hon. W. G. Hayden, MP
Leader of the Opposition, Australia

Dr Urbano Aletti
President, Federation Internationale des Bourses de Valeurs (FIBV)

Sir Roderick Carnegie
Chairman, Conzinc Rio Tinto of Australia Limited

Official Carrier: QANTAS

Australia: The Attractions for Future Investment

To: Financial Times Limited, Conference Organisation
Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355 Telex 27347 FTCONF G
Please send me full details of your conference 'Australia: The Attractions for Future Investment'

Name _____ Company _____

Address _____

Tel _____

Rhône hit by losses on textiles

By Terry Dodsworth in Paris

PROFITS at Rhône-Poulenc, France's leading chemicals company, took a hard knock in the first six months of this year from the erosion of margins in the synthetic fibres business caused by rising imports of cheap U.S. products.

Losses in the man-made fibres division rose to FF 410m (\$108m) compared with FF 210m in the first half of 1979.

The company is now coming to the end of the re-organisation in this part of its business and had been hoping for steadily improving results leading to stability in 1981. Instead, sales, at FF 1.5bn, were 12 per cent lower than forecast while prices were 6 per cent below the level the company had been expecting.

Partly as a result of this higher deficit, consolidated first-half net profits are estimated to have dropped in the first six months to FF 300m compared with FF 433m in 1979. These results include FF 258m of profits from the sale of assets compared with only FF 77m in the same period of last year.

Manufrance Board quits over state rescue terms

BY DAVID WHITE IN PARIS

THE ALMOST inevitable declaration of bankruptcy at Manufrance, the French mail order, retail and manufacturing company, has once more been postponed. The remaining members of the Board have opted to resign after failing to find a way of meeting the Government's terms for vital financial aid.

A shareholders' meeting has been called for September 25 in order to appoint a new Board. But with losses amounting to some FF 12m (\$2.9m) a month, and with little hope of a major new investor emerging in the interim, prospects for the company surviving in its present form appear slim.

Several thousand people demonstrated on Monday near Manufrance's headquarters at Saint-Etienne. The Communist-led CGT union warned that the plant "and more" if the company was threatened.

The Board of Société Nouvelle Manufrance, a unit set up in June last year to run the

ailing business, had been reduced to three after the withdrawal in August of the principal shareholder, the Macif Mutual insurance group.

M. René Mestries, who was chairman until May this year, and M. Claude Colley, head of Fabris, a mail order company with a 10 per cent shareholding, resigned on Monday night, accusing Macif and the French Government of failing to fulfil their promises.

M. Blaise de Saint-Just, acting director, said he would only stay on until shareholders appointed a new board.

The Government has offered FF 150m in aid on three strict conditions: A thorough reorganisation; financial commitment by shareholders; and a new management team. In its reorganisation demand it was implicit that the Government wanted more reductions in the workforce than the 400 job

losses which, according to unions, would have resulted from the company's most recent restructuring proposals. Manufrance employs just under 2,000, having seen its workforce cut by half in three years.

Two weeks ago, the board issued an ultimatum to the Government, saying that if the money was not forthcoming by Monday it would be forced to file for bankruptcy.

Société Nouvelle Manufrance took over management of the group under a judicial settlement. The fixed assets, which still belong to the original, local government-controlled company, were to be transferred to a special subsidiary under the restructuring plan.

The plan included selling off most of Manufrance's shops and separating the retail side from the rest—guns, bicycles, sewing machines and a sporting magazine.

Australian tyre group boosts earnings

By Our Sydney Correspondent

OLYMPIC Consolidated Industries, the tyre and cable group, boosted earnings by 64 per cent from A\$6.3m to A\$10.3m (U.S.\$12m) in its final year as a separate company. Dunlop Australia has almost completed a takeover of Olympic after resistance from the board of the target company.

Olympic's profit was achieved on a sales increase of 15 per cent to A\$181m (U.S.\$223m). Pre-tax earnings almost doubled to A\$16.2m but there was a sharp jump in tax from A\$2.1m to A\$3.9m.

The major contributor to the higher profit was the 50 per cent owned Olex Cables which lifted earnings by 85 per cent to A\$3.53m. Because of the takeover Olympic has not declared a final dividend.

LNC INDUSTRIES, a distributor of motor vehicles and spare parts, lifted profits by almost 13 per cent from A\$5.2m to A\$5.85m (U.S.\$10.8m) in the year to June. The directors said they considered the profit was a very good result given the difficult conditions prevailing in the motor industry.

Pre-tax earnings actually rose 45 per cent but the removal of the trading stock valuation adjustment resulted in the tax provision jumping from A\$3.5m to A\$7.7m.

The dividend is held at 15 cents a share and will be paid on shares increased by the recent one-for-five scrip issue. Taking into account the scrip issue last November there has been an effective 17 per cent increase in dividends. The latest result equalled 2.6 cents a share compared with an equivalent 37.8 cents.

Increased interest hits Kubota

TOKYO—KUBOTA, Japan's leading manufacturer of cast iron pipes and agricultural and industrial machinery, suffered a fall in consolidated net profit in the first quarter, to July 15, of 41.3 per cent to ¥2,611m (\$11.8bn), from ¥4,451m in the same period a year earlier. Sales, however, increased by 6 per cent to ¥121,041m (\$505m), from ¥114,150m.

Kubota said that the net profit decline resulted mainly from a rise in interest payments, with the official discount rate increases in the period. Production costs had also risen because of an increase in electricity rates and steel prices.

Comeng raises dividend after strong second half

BY JAMES FORTH IN SYDNEY

COMENG HOLDINGS, the engineering group, has raised its dividend after a 17 per cent increase in profit for the year to June, from A\$9.98m to a record A\$11.7m (U.S.\$13.7m).

Comeng was helped by a strong second half, when profit rose 20 per cent. The dividend is lifted from 11.5 to 12 cents, but represents an effective increase of 56.5 per cent, because it will be paid on capital increased during the year by a one-for-two scrip issue.

The company has now made scrip issues in 11 of the past 12 years; with the other issues on a one-for-ten basis. The directors said that they would continue the policy of making scrip issues, subject to the com-

pany's performance. Earnings per share, on an adjusted basis, rose from 30 cents to 35.2 cents, covering the dividend almost three times.

Profits include equity accounted contributions from the iron founder, Bradken Consolidated (50 per cent owned) and the South African rolling stock group, Union Carriage and Wagon (41.7 per cent). It also includes dividends from the 21.4 per cent owned Australian National Industries, the engineering, motor vehicles and investment groups, which owns the other half of Bradken.

ANI also owns slightly more than 20 per cent of Comeng, a legacy of a takeover battle between the two companies

several years ago for Bradken.

The contribution to Comeng from Bradken showed considerable improvement. Earnings of Union Carriage were lower, but ahead of budget.

During the year production started on a six year contract for the manufacture of 300 railway carriages for the Victorian Railways and the introduction into the New South Wales system of the highly successful British Inter-City express train. The group's activities in the merchandising of industrial equipment, construction equipment, engineered products, and replacement parts were said to be maintained at a satisfactory level during the year.

I and P helped by sale of land

BY WONG SULONG IN KUALA LUMPUR

ISLAND and Peninsula (I and P), the Malaysian property, plantation and mining group, has reported a 74 per cent increase in pre-tax profits to 18.3m ringgit (\$8.6m) for the half year to June on turnover up by 67 per cent to 26.3m ringgit. After-tax earnings advanced by 82 per cent to 11.3m ringgit.

The group attributed the good earnings to a profit of

2.5m ringgit from the sale of a piece of land in Singapore, and better earnings from housing development and plantations.

I and P's publicly quoted palm oil company, Austral Enterprises, achieved a 37 per cent increase in pre-tax profit to 4.2m ringgit for its first half. Output rose by 41 per cent to 6,600 tonnes for palm oil, and by 47 per cent to 1,216 tonnes for palm kernel.

Because of the current depressed prices for palm oil, Austral Enterprises feels that full-year results would probably be the same as last year's, and earnings for I and P would also be affected, although to a lesser degree.

The group is paying an interim dividend of 11 per cent and Austral Enterprises is paying 12 per cent.

U.S.\$100,000,000 Guaranteed Floating Rate Notes Due 1994

Citicorp Overseas Finance Corporation Limited

(Incorporated with limited liability in the British Virgin Islands)
Unconditionally guaranteed by

CITICORP

In accordance with the terms and conditions of the above-mentioned Notes and Agency Agreement dated as of March 5, 1979, between Citicorp Overseas Finance Corporation Limited and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 12% per annum and that the interest payable on the relevant Interest Payment Date, December 10, 1980, against Coupon No. 7 in respect of U.S.\$1,000 nominal of the Notes will be U.S.\$30.33.

September 10, 1980

By: Citibank, N.A., London, Agent Bank

CITIBANK



WE, THE LIMBLESS, LOOK TO YOU FOR HELP

We come from both world wars. We come from Kenya, Malaya, Aden, Cyprus... and from Ulster. From keeping the peace on less than from war we limbless look to you for help.

And you can help, by helping our Association, BLESMA (the British Limbless Ex-Service Men's Association) looks after the limbless from all the Services. It helps, with advice and encouragement, to overcome the shock of losing arms, or legs or an eye. It sees that red-tape does not stand in the way of the right entitlement to pension. And, for severely handicapped and the elderly, it provides Residential Homes where they can live in peace and dignity.

Help BLESMA, please. We need money desperately. And, we promise you, not a penny of it will be wasted.

British Limbless Ex-Service Men's Association

GIVE TO THOSE WHO GAVE—PLEASE

Mediobanca pushes up net profits by 11%

BY RUPERT CORNWELL IN ROME

MEDIOBANCA, the important state-controlled Italian medium-term credit institute, has announced an 11.6 per cent rise in earnings for its latest financial year, as well as plans for a capital increase and for a number of major bond issues.

The bank, which has played a central role in most major Italian corporate finance operations in recent years, reported an increase in net earnings to L35.3bn (\$41.5m) from L31.8bn in the year to June 30. The sum set aside for reserves went up more sharply, to L35.9bn from L25bn.

Mediobanca has chosen to hold its dividend unchanged at L1,400 per share. However, shareholders, including Banca Commerciale Italiana, Credito Italiano, and Banco di Roma,

the three state-owned banks, which between them hold 57 per cent of Mediobanca's equity, will participate in a largely free issue of new equity. In a two-stage operation, the bank's capital will go up from L84bn to L102bn. To secure further funds, Mediobanca is seeking authorisation to float up to L360bn (\$423m) of bonds over the next four years.

The bank also will be empowered to issue a further L500bn (\$588m) of bonds, "convertible into stocks of other companies." This last phrase is being taken as confirmation of Mediobanca's aim of pushing through rescue and restructuring plans for groups, which it is helping to reorganise, particularly in the troubled fibres sector.

Sharp rise at Fred Olsen

BY FAY GJESTER IN OSLO

NORWAY'S Fred Olsen shipping group, which operates passenger, cargo liner and tramp vessels, as well as drilling rigs, has reported a jump in pre-tax profits to Nkr 15.15m (\$3.1m) for the first half of 1980 from Nkr 3.2m in the same period of 1979. Figures for 1980 as a whole are expected to show an even more marked rise, reflecting the improved market for mobile drilling rigs.

The consolidated accounts for the five shipping companies in the group put total operating revenue at Nkr 440.6m compared with Nkr 237.1m. Profits of SKR 119m (\$28.2m) at SALENINVEST, the Swedish shipping group, for the half-year to the end of June was struck before the extraordinary profits of SKR 108m, not as reported in the Financial Times on August 28.

Advance in profits at Riyadh Bank

JEDDAH — Riyadh Bank increased its net profit by 38.8 per cent to SR 433m (\$13m) for the year ended May 14, from SR 312m for the previous year. The bank plans a SR 250 dividend and a special dividend of SR 300.

Assets rose to SR 14.07bn from SR 11.47bn, and included SR 5.42bn of loans, against SR 4.34bn.

Reuter

This announcement appears as a matter of record only.

MAGYAR NEMZETI BANK

(National Bank of Hungary)

U.S. \$ 15,000,000

Negotiable Floating Rate Certificates of Deposit
due August 1983

Nippon European Bank S.A.

Mitsui Trust Bank (Europe) S.A.

Saitama Bank (Europe) S.A.

Agent

Nippon European Bank S.A.

August 1980

This announcement appears as a matter of record only.



AUTOPISTA CONCESIONARIA ASTUR-LEONESA, S.A.

US \$30,000,000
Medium-Term Loan

Guaranteed by

THE STATE OF SPAIN

(as to 80 per cent)

and

BANCO HISPANO AMERICANO S.A.

(as to 20 per cent)

Managed by

NIPPON EUROPEAN BANK S.A.

BANCO DI ROMA

COMMERZBANK AKTIENGESELLSCHAFT

CRÉDIT LYONNAIS

LANDESBANK STUTTGART INTERNATIONAL

Société Anonyme

THE MITSUI BANK, Limited

NOMURA EUROPE N.V.

Provided by

BANCO DI ROMA INTERNATIONAL S.A.

COMMERZBANK AKTIENGESELLSCHAFT

CRÉDIT LYONNAIS

LANDESBANK STUTTGART INTERNATIONAL

Société Anonyme

THE MITSUI BANK, Limited

NIPPON EUROPEAN BANK S.A.

NOMURA EUROPE N.V.

BANQUE BRUXELLES LAMBERT S.A.

THE COMMERCIAL BANKING COMPANY OF SYDNEY Limited

EUROPARTNERS BANK (NEDERLAND) N.V.

INTERNATIONAL COMMERCIAL BANK Limited

CRÉDIT GÉNÉRAL S.A. DE BANQUE

Agent

NIPPON EUROPEAN BANK S.A.

July 1980

NEW ISSUE

This announcement appears as a matter of record.



Bank of Communications

(Taipei, Taiwan, Republic of China)

\$25,000,000

Floating Rate Notes Due 1985

Dillon, Read Overseas Corporation

Salomon Brothers International

BA Asia Limited

Banque Bruxelles Lambert S.A.

Baring Brothers & Co., Limited

Chase Manhattan Asia Limited

Commerzbank Aktiengesellschaft

Crédit Lyonnais Hong Kong (Finance) Limited

First National Boston Limited

Lloyds Bank International Limited

Morgan Guaranty Pacific Limited

Yamaichi International (Europe) Limited

Alahji Bank of Kuwait K.S.C.

Algemene Bank Nederland N.V.

Amro (Finance & Securities) Ltd., Hong Kong

Bank Gutwiler, Kurz, Bungeener (Overseas) Limited

Banque Nationale de Paris

Banque de Paris et des Pays-Bas

Banque de Participations et de Placements S.A.

Banque Worms

Berliner Handels- und Frankfurter Bank

Cazevio & Co.

Chémical Bank International Group

Citicorp International Group

Continental Illinois Limited

Crédit Agricole

Crédit Industriel et Commercial

Daiwa Europe N.V.

DG BANK

Goldman Sachs International Corp.

Grindlays Asia Limited

Hawaii Financial Corporation (Hong Kong) Limited

Indosuez Asia Limited

Jardine Fleming & Company Limited

Kleinwort, Benson (Hong Kong) Limited

Kuhn Loeb Lehman Brothers Asia

Lazard Frères & Cie

Manufacturers Hanover Asia, Limited

Merrill Lynch International & Co.

B. Metzler-soel. Sohn & Co.

Mitsubishi Bank (Europe) S.A.

Morgan Grenfell & Co. Limited

The National Commercial Bank

The Nikko Securities Co., (Europe) Ltd.

Nomura Europe N.V.

Ord Mianett

Orion Bank Limited

Oversea-Chinese Banking Corporation Limited

J. Henry Schroder Wagg & Co. Limited

Schröder, Münchmeyer, Hengst & Co.

Société Générale

Swiss Bank Corporation International Limited

United Overseas Bank Limited

Vereins- und Westbank Aktiengesellschaft

S. G. Warburg & Co. Ltd.

13th August, 1980

Dow 5.2 lower in early trade

Stock	Sept. B	Sept. S
-------	------------	------------

[illegible]

1	Exocraft	356	2
2	Exotic	356	2
3	Exotic	356	2
4	Exotic	356	2
5	Exotic	356	2
6	Exotic	356	2
7	Exotic	356	2
8	Exotic	356	2
9	Exotic	356	2
10	Exotic	356	2
11	Exotic	356	2
12	Exotic	356	2
13	Exotic	356	2
14	Exotic	356	2
15	Exotic	356	2
16	Exotic	356	2
17	Exotic	356	2
18	Exotic	356	2
19	Exotic	356	2
20	Exotic	356	2
21	Exotic	356	2
22	Exotic	356	2
23	Exotic	356	2
24	Exotic	356	2
25	Exotic	356	2
26	Exotic	356	2
27	Exotic	356	2
28	Exotic	356	2
29	Exotic	356	2
30	Exotic	356	2
31	Exotic	356	2
32	Exotic	356	2
33	Exotic	356	2
34	Exotic	356	2
35	Exotic	356	2
36	Exotic	356	2
37	Exotic	356	2
38	Exotic	356	2
39	Exotic	356	2
40	Exotic	356	2
41	Exotic	356	2
42	Exotic	356	2
43	Exotic	356	2
44	Exotic	356	2
45	Exotic	356	2
46	Exotic	356	2
47	Exotic	356	2
48	Exotic	356	2
49	Exotic	356	2
50	Exotic	356	2
51	Exotic	356	2
52	Exotic	356	2
53	Exotic	356	2
54	Exotic	356	2
55	Exotic	356	2
56	Exotic	356	2
57	Exotic	356	2
58	Exotic	356	2
59	Exotic	356	2
60	Exotic	356	2
61	Exotic	356	2
62	Exotic	356	2
63	Exotic	356	2
64	Exotic	356	2
65	Exotic	356	2
66	Exotic	356	2
67	Exotic	356	2
68	Exotic	356	2
69	Exotic	356	2
70	Exotic	356	2
71	Exotic	356	2
72	Exotic	356	2
73	Exotic	356	2
74	Exotic	356	2
75	Exotic	356	2
76	Exotic	356	2
77	Exotic	356	2
78	Exotic	356	2
79	Exotic	356	2
80	Exotic	356	2
81	Exotic	356	2
82	Exotic	356	2
83	Exotic	356	2
84	Exotic	356	2
85	Exotic	356	2
86	Exotic	356	2
87	Exotic	356	2
88	Exotic	356	2
89	Exotic	356	2
90	Exotic	356	2
91	Exotic	356	2
92	Exotic	356	2
93	Exotic	356	2
94	Exotic	356	2
95	Exotic	356	2
96	Exotic	356	2
97	Exotic	356	2
98	Exotic	356	2
99	Exotic	356	2
100	Exotic	356	2

The Dow Jones Industrial Average, down about 25 points over the past three business days, was 5.20 lower at \$33.38 at 1 p.m. The NYSE All Common Index lost 34 cents more to 100.00.

and Sunshine Mining's to \$24.00, both in active trading.

Crossfield's recorded 2½ to \$31. The company plans to acquire Belden, offering 1.34 of its shares for each Belden share. Belden, which closed on Monday at \$33, had yet to trade.

Pneumo, 8 1/8 to \$48. LTV had dropped plans to acquire Pneumo. LTV were unchanged at \$14.

Kaiser Steel, which decided last Friday not to liquidate, rose 1½ to \$35.

THE AMERICAN SE Market Value Index eased 1.49 to 326.75.

Y1440.

On the other hand, some export-orientated Blue Chips, especially Light Electricals, firmed after opening lower. Sony gained ¥10 to ¥2,670. YDR Electricals Y10 to ¥2,800. Victor of trionics Y40 to ¥2,800. Nissan Japan Y9 to ¥1,950. Nissan Motor Y9 to ¥865. Canon Y16 to ¥840 and Olympus Y8 to ¥928.

Also favoured were Mitsui Real Estate, up ¥11 to ¥546. Tokio Marine, ¥12 higher at ¥638. and Pharmaceutical issue Green Cross, ¥30 stronger at ¥1,950.

On the other hand, some export-orientated Blue Chips, especially Light Electricals, firmed after opening lower. Sony gained ¥10 to ¥2,670. YDR Electricals Y10 to ¥2,800. Victor of trionics Y40 to ¥2,800. Nissan Japan Y9 to ¥1,950. Nissan Motor Y9 to ¥865. Canon Y16 to ¥840 and Olympus Y8 to ¥928.

Also favoured were Mitsui Real Estate, up ¥11 to ¥546. Tokio Marine, ¥12 higher at ¥638. and Pharmaceutical issue Green Cross, ¥30 stronger at ¥1,950.

Germany

Stocks generally declined afresh in the wake of the poor overnight Wall Street showing, with the Dax-Alliancebank index recording 5.5 to 721.6.

BWV gained DM 2.90 and Daimler D 1 against the general trend, but elsewhere in the Motor, Volkswagen lost DM 1.40 to 448. Domestic Bonds were up 15 pfennigs lower, with the Bundsbank buying DM 13.5m of stock after DM 18.2m purchases on Monday.

Germany

Stocks generally declined afresh in the wake of the poor overnight Wall Street showing, with the Dax-Alliancebank index recording 5.5 to 721.6.

BWV gained DM 2.90 and Daimler D 1 against the general trend, but elsewhere in the Motor, Volkswagen lost DM 1.40 to 448. Domestic Bonds were up 15 pfennigs lower, with the Bundsbank buying DM 13.5m of stock after DM 18.2m purchases on Monday.

Johannesburg

Gold closed firmer in earlier levels in very active trading as the gold price eased morning high.

Heavyweights: Vaal Reefs, 10 1/2 to 10 1/4. Anglo Rand, 10 1/2 to 10 1/4. President, 10 1/2 to 10 1/4. Western Holdings, 10 1/2 to 10 1/4. Steels, 10 1/2 to 10 1/4. F.S. Geduld were held.

at 1 pm. Volume 4.88m shares
(5.39m).

Canada

Shares mainly retreated in further active early dealing. The

Closing prices for North America were not available

Australia

The sharp overnight rise in the international Bullion price inspired heavy buying of Gold stocks, but other Mining issues were no better than mixed, while Oils became easier-inclined on profit-taking.

Switzerland

Share prices drifted broadly lower on increased volume, with sentiment depressed by the fresh overnight fall on the Swiss franc. A strong rise in the August consumer price index and fears about interest rate increases. The

and 550 cents higher, after a rise ranging to 450 cents.

Mining shares fluctuated. Anglo-American climbed R1.05 to Anglo-Indo R5.50 to Diamond leader D advanced 30 cents. Platinum and Co improved.

for this edition. Among Golds, ~~WARR~~ moved ~~down~~

131g
132

1 AUSTRALIA

1 JAPAN (continued)

BELGIUM (c

Price	± or	HOLLAND
-------	------	---------

Price	+ or -	Sept
-------	--------	------

Price	+ or	Sept
Aust. 8	-	

[illegible]

Yen	-
Fr0	-

446	+8
5,480	
377	+8
1,010	2
1,010	
408	-8
655	
870	
722	-5
589	
866	-1
417	
188	
408	
540	+11
420	
468	
1,071	
700	+1
450	
1,440	
665	+40
337	-5
302	
4,200	+80
655	+9
370	
185	+5
398	-2
711	+8
928	
1,085	
2,280	+20
585	+5
545	
368	+4
243	+5
243	
500	-4
927	+9
2,670	+10
458	
878	
770	+8
878	+8
651	-4
2,885	+40
124	-10
1,080	
880	
658	
909	+3
114	
528	-12
206	
923	
409	+5
777	+20
1,350	
778	
930	-15
567	+19
640	-10

		1980	
	Sept. 4	High	
100	935.16	970.54 (28/8)	70
200	9147.38	9680.85 (14/2)	450
300	87.27	88.40 (7/1)	()
500	91.98	105.76 (11/2)	()
1,000	86.67	87.20 (12/6)	()
1,500	111.8	117.3 (22/2)	()
2,000	116.8	118.5 (4/6)	()
3,000	935.06	938.58 (125/2)	()
4,000	729.8	748.3 (125/2)	()
5,000	84.5	88.8 (25/7)	()
6,000	86.2	89.2 (11/7)	()
7,000	1019.52	1223.86 (7/6)	()
8,000	128.27	134.92 (6/6)	()
9,000	9817.99	9843.93 (5/8)	()
10,000	476.39	480.79 (5/8)	()
11,000	11.77	144.70 (14/2)	()
12,000	65.44	605.25 (2/1)	()
13,000	88.2	327.2 (5/5)	()
14,000	80.1	327.1 (5/6)	()
15,000	87.49	107.48 (5/6)	()
16,000	55.40	385.80 (5/5)	()
17,000	218.5	217.9 (11/7)	()
18,000	152.0	152.9 (4/3)	()

except NYSE All-Common-Stock Index
 * Not rounded to nearest whole number
 † Includes plus 40 Utilities, 40

3458	3458	Peachney
87	2434	Perned R
171	171	Pemler

103.20	+2	Bergon
34D	-4.28	Bertrags
209x	-5	

unk---	108	type 6.5 100	Choun Cosme
1.449999	68.6	type 6.5 100	
	118.6		

ong...	B5.70	+D.25	Mal...
op...	2.40	+D.10	Mal...

Ranking	14.50	+0.10
row	6.40	
	1.0	

Barley	2.31	0.01
Wheat	2.64	0.02
Trigo	2.64	0.02
	4.50	

AFRICA		
Sept. 9	Price	+ or -
Am	8.65	-0.06
Op	0.90	
Am Op	81.25	+1.00
Am Rand	124.25	+0.5
Am Rand	12.06	
	65	+3
Greata	9.70	+0.10
Finance	9.78	
	13	+0.50
le	39	+1.00
Gold SA	100.50	+7.50
Gold SA	106	
	5.25	-0.5
	6.95	
	51	+2.50
Bank	12	-0.05
Sing	2.48	-0.15
High	3.50	
at	3.70	+0.50
at	8.55	
	5.90	
CG Sugar	18.60	
	8.25	+0.50
Rate	10	
	8.40	

Official Rand US\$0.85
(Discount of 30%)

AMERICA		
Sept. 8	Price	+ or -
Am	1.75	+0.01
Brazil	4.00	-0.15
Am Rand	5.20	-0.05
Min	3.50	-0.05
Am Rand	10.10	-0.50
DP	1.50	
Crux	5.15	-0.35
Am Rand	10.50	+0.05

© 1963 Jan. Vol. 236, No. 1
 Copyright: Rio de Janeiro 55

are as quoted on the
 "discounted prices." Dealings
 are as quoted on the "discounted prices." Dealings

CARIBBEAN SUGAR

Depression over Jamaica

BY CANUTE JAMES IN KINGSTON

the southern and south eastern Caribbean, and was attacked in Jamaica by local researchers and teams from the U.S. and Cuba. Both countries feared that the northward march of smut would affect their own cane sugar industries.

In more recent months, cane farms have not been affected by rust, which stunts the growth of the plants and reduces sucrose content. New resistant varieties of cane have been introduced, but industry experts claim that the diseases reduced sugar output by at least 5 per cent.

This combination of adverse factors resulted in very poor yields this year. At the large Frome Estate in the western end of the island, for example, productivity fell to 18 tonnes of cane per acre. The industry admits in some estate this fell as low as 15 tonnes to the acre, but believes that a yield of 28 tonnes of cane to the acre can be achieved.

This problem has been compounded by low sucrose content, and in some factories it has taken up to 12 tonnes of cane to produce one tonne of sugar. One of the more efficient factories, Worthy Park, in the south central section of the island, boasts an average of eight tonnes of cane to 5 tonne of sugar—a performance which doubtlessly the industry would like to see emulated.

In an effort to solve many of the problems, the sugar industry is seeking \$13m for new equipment for field operations. The world bank has already approved \$19m for factory improvements, and efforts are being made to have 5 per cent of this loan diverted

The industry is understandably not optimistic that there will be dramatic improvements in the next few years. The effort now is for greater efficiency and productivity in the industry which would set the stage for bigger yields.

Thailand seeks new tapioca deal

new tapioca deal

Under an agreement with the EEC, Thailand restricts tapioca exports there to under 5.9m tonnes a year.

Traders see exports to the EEC reaching around 5.3m tonnes this year, up from 4m last year when drought damaged the local crop. Reuter

KETS

1st Matez—Sept. 354-354² (358²), Dec.
 357-357² (361²), March 367²-368²,
 May 372²-372², July 372²-373, Sept.
 364²-364².
 Pork Bailes—Feb. 67.80-68.00 (66.50)
 March 67.80-67.70 (67.15), May 69.00-
 68.80, July 69.35, Aug. 68.60.
 Silver—Sept. 1914.0 (1915.0), Oct.
 1903.0 (1819.0), Nov., Dec. 1949.0.
 1949.0, Feb. 1990.0, April 2031.0, June
 2072.0, Aug. 2114.0, Oct. 2155.0, Dec.
 2198.0, Feb. 2228.0, April 2280.0, June

2322.0, Aug. 2364.0, Oct. 2406.0, Nov. 2448.0, April _____

[Soybeans—Sept. 824 (823¹), Nov. 845-843 (843¹), Jan. 863-881², March 883¹-881, May 885-886, July 887¹-888, Aug. 879, Sept. 854²]

[Soybeans Meal—Sept. 238.5-239.0, Oct. 240.0-240.5 (240.2), Dec. 245.5-245.5, Jan. 248.0-247.5, March 250.5-251.0, May 250.5-251.0, July 250.5-251.0, Aug. 248.0-248.5, Sept. 248.5-248.0]

Soyabean Oil — Sept. 27.45-27.40 (27.73), Oct. 27.60-27.65 (27.93), Dec. 28.37-28.15, Jan. 28.40, March 28.50-28.50

29.93, May 28.10, July 29.30, Aug.
29.22, Sept. 29.29, 30.
†Wheat—50or. 472¢ (472), Dec.
492¢-491¢ (493½), March 512-511¢.
May 517, July 512, Sept. 519¢.
All cents per cound ex-warehouse
unless otherwise stated. * ¢ per Troy
ounce. † Cents per Troy ounce.
‡ Cents per 56-lb bushel. † Cents
per 50-lb bushel. ‡ ¢ per short ton
(2,000 lbs). § ¢Can. per metric ton.
¢¢ ¢ per 1,000 sq feet. ‡ ¢ cents per
dozen.

KETS

Sept. \$330.50, Oct. \$337 sellers.
Soyameal—44 per cent protein U.S.
affoot \$291, 5ent. 293.50, Oct. \$286,
Nov.-March \$309, Brazil Pellets affoot
\$299, Oct. 307, Nov. \$315, Nov.-March
\$320.

PARIS, September 8
Cocoa (FFR per 100 kilos)—Sant

Auger (FFr per 100 kilos)—Oct. 2080-3085, Nov. unquoted, Dec. 2168-2195, March 3323-3333, May 3320-3350, July 3240-3300, Aug. 3210-3300, Oct. 3085-3110. Selsa at call: 5.

DOW JONES				
Dow Jones	Sept. 2	Sept. 5	Month ago	Year ago
Spot ..	448.45	445.57	440.15	405.21
Future	471.05	468.15	462.84	412.21

(Average 1924-25-26=100)

REUTERS

Sept. 9	Sept. 6	Month ago	Year ago
1743.2	1732.2	1707.7	1586.4

Base: September 18, 1931-100)

INCHCAPE pulls out of Sabah timber venture

By Our Singapore Correspondent

INCHCAPE Barhad is pulling out of its timber joint venture

Its partners in the joint venture known as S.K. Timber are the Temudong, the

Inchcape's stake in the company is only 10 per cent while

the other two partners each hold 45 per cent. However, Inchcape holds the management and marketing rights of the

Treasury optimism brings buoyant close with Gilts up nearly £3 and All-share index to record high

Account Dealing Dates

First Declara- Last Account
Dealing Date
Sept. 1 Sept. 1 Sept. 2 Sept. 2
Sept. 15 Sept. 25 Sept. 26 Oct. 6
Sept. 29 Oct. 9 Oct. 10 Oct. 20

New time "dealings may take place from 9 am two business days earlier."

The piecemeal delivery over agency tapes of the Treasury's proposals to ease the pressure on the gilt-edged market, and hence on long-term interest rates, brought confused anger to gilt market traders. The announcement followed yesterday afternoon's banking statistics and led to business in Government securities being halted for some 40 minutes. Most market operators were still not fully aware of the proposed measures when dealings resumed.

On the resumption, dealers raised quotations by up to a point but investment buyers were not deterred and focused attention on the stocks likely to benefit most from any lessening of the Government's need to fund on a longer-term basis. Trade became hectic and the market finished in a burst of strength which left substantial gains in all areas—stretching to nearly three points among the ultra-longs.

Ahead of the 2.30 pm announcement, the funds were showing gains to help by the Government broker selling the lost of his holding of the newly-issued medium cap stock, Treasury 11½ per cent 1991 "A," at 46½; at last night's close the price was 45½.

Medium and nearer-dated British Funds also made significant gains exceeding to some two points and 1½ points respectively. Here, too, business was on a brisk scale with sentiment aided by the lower interest rate on this week's offering of Local Authority yearling bonds.

The all-round buoyancy of the market was reflected in a jump of 1.41, or 2 per cent, to 71.04 in the FT Government Securities index; index trading sessions ago the index was languishing at 67.70.

Last month's rise of around 3 per cent in money supply was broadly in line with most recent market estimates, but was forgotten as stock markets reacted to the Treasury's optimism about money trends in the latter half of the financial year and looked forward to an early cut in Minimum Lending Rate. Leading shares also surged higher.

The Industrial Ordinary share index leaping 1.5 to a 1980 peak of 503.9 after being only 3½ up at 3.00 pm; quotations were rising further in the after-hours trade. Of the index constituents, GEC staged a strong advance of 20 to 522p.

New highs were also recorded in the FT-Actuaries three main indices, the All-share going to 293.54—its highest since compilation.

Increased activity in the Traded option market saw the number of deals jump to 1,611 compared with the previous day's 1,041. Loans were exceptionally active, recording 488 deals, while 284 were completed in Committed Gold Fields ahead of preliminary figures due next week.

Discounts good

Discount Houses moved sharply higher in sympathy with gilts. Union led the advance with a rise of 25 to 510p, while gains of 10 were seen in Cater Ryder, 37½, Gerard and National, 39½, and Secombe Marshall and Camplon, 250p. Already firm ahead of the bank's figures, the major clearers improved further on them to close with improvements ranging to 10. Linds added that much to 330p as did Midland to 350p. Elsewhere, Standard Chartered jumped 40 to 585p on the much better-than-expected 40 per cent increase in first-half profits. Res Bros advanced 8 to 86p among merchant banks where Brown Shipley rose 15 to 390p in a thin market. Cheaper money helped Hire Purchases make progress in the late trade. Provident Financial rose 5 to 1440 as did FC Finance, to 85p, while Wagon Finance appreciated 3 to 42p.

Composite Insurances attracted a good demand and closed with double-figure rises in places. Royals put on 20 to 458p. GRE added 16 to 254p and General Accident, 35½, and Sun Alliance, 760p, rose 14 apiece. Commercial Union put on 5 to 179p and Eagle Star 9 to 2640; the latter's interim results are due next Wednesday.

Breweries closed with modest gains. Among Regionals, Davenport put on 5 to 120p on the settlement of the brewery workers' dispute. Amalgamated Distillers Products attracted increased support and rose 2 for a two-day gain of 5 to 46p.

A little more interest than of late was shown in the Building sector. Gough Cooper, up 22 to 124p, featured on news of the 120p per share cash offer from Starwest. Occasional support lifted Brown and Jackson 3 to 136p, while buying interest revived in J. Lovell which advanced 4 to 146p. Among the leaders, Blue Circle finished 6 to the good at 352p, but London Brick ended a penny cheaper at 75p. Other brick shares to give ground included Nottingham, 5

lower at 145p, and Sheffield, 2 off at 28p.

ICI held firm around 368p before pushing ahead in the late trade to finish 8 to the good at 372p. Renewed demand lifted Leigh Interests 11 more to 184p, while Allied Colloids came to life with a rise of 12 to 119p.

Cornell buoyant

Inclined a shade easier at the outset, leading Stores soon shrugged off disappointment with the latest retail sales figures and most finished a few pence to the good. Marks and Spencer, 109p, and GUS "A,"

profit-taking and gave up 5 more to 58p.

Late interest in the Engineering sector was mainly confined to Hawker, 23½, and Vickers, 190p, which advanced 14 and 9 respectively. Tubes firmed 5 to 246p and GKN hardened a few pence to 229p. Elsewhere, Simon were noteworthy for a rise of 6 at 266p following news that a multi-million pound export order is being finalised. Scattered losses included Anderson Strathclyde, 98p, and Midland Industries, 76p, both down 3.

In Supermarkets, J. Sainsbury firmed 5 in a 1980 peak of 501p, while Associated Dairies picked up 4 at 234p. Among secondary

finished a couple of pence lower at 198p, after 192p, following disappointment with the interim results. Elsewhere, Bestobell rose 14 to 290p on satisfactory interim profits. Manchester Ship Canal continued to attract buyers following recent comment and closed 6 further 15 higher at 192p, while speculation concerning the Sarny Group's 26.5 per cent stake the group brought a rise of 4 to 186p in United Carriers. ICL encountered investment support at 190p, up 6 but profit-taking left Aeronastronaut and General Instruments 20 off at 353p. Staffordshire Potteries dipped to 43p before closing a net 3 down at 49p following the final dividend omission and annual profits setback and Poles fell 4 to 45p on the half-year first-half profits. RFD came on offer at 38p, down 8, and Bridon shed 3 to 69p; the latter's interim figures are due tomorrow.

A weak sector over recent weeks, Motor Distributors joined the former trend and closed with gains in 6. Still benefiting from a Press mention, Lex Service rose that much to 94p, while further support was noted for Kenlys, 5 better at 87p. Caffrys added 5 to 130p on speculative demand, while Doreen gained the turn to 55p ahead of today's half-time. C. D. Brannan was again helped by above-expected first-half earnings and ended 2 up for a two-day gain of 6 at 88p. Components were featured by Flight Refuelling, 16 down at 268p after increased speculative buying, while Lucas rallied 4 to 214p. Kwik-Fit also rose 4, to 87p, but Supra provided a rare downward movement by shedding 6 at 65p.

Pearson Longman fell 12 to 199p on interim profits setback. Other Newspapers were quiet, but Home Counties, still reflecting the poor mid-term statement, dropped 5 more to 68p. Haynes Publishing continued to recover from the missed profits forecast and the shares ended 5 better at 133p. Elsewhere, Allied International Designers added 3 to 30p after the interim results.

The Treasury's statement fuelled a strong upward movement in Property shares as moves were revived of a cut in Minimum Lending Rate. Land Securities, 389p, and Stock Conversion, 488p, rose 13 apiece, while Haslemere Estates added 10 to 366p. MFCP put on 8 to 251p as did Great Portland Estates, to 295p, while Peachee appreciated 7 to 163p. Marler Estates were notable for a jump of 13 to 51p and Town Centre put on 5 to 67p. Rush and Tompkins reflected prevailing bad hopes with a fresh improve-

ment of 4 to 224p and Land Investors hardened 2 to 65p on the results.

Oils firm

Oil shares ended on a firm note but failed to participate in the late upsurge. BP closing only 4 higher at 569p and Shell a fraction harder at 412p. Renewed support lifted Ultramar 8 more to 57p, while Barmah edged up 4 to 202p. Among the more speculative exploration issues, Clyde rose 20 to 52p and Cluff 10 to 325p, but Berkeley turned dull at 190p, down 3. Dealings in Double Eagle and Warrior Resources, recently bought on Alaskan oil hopes, were suspended at 600p and 370p respectively.

Overseas Traders, Lourde firmed 4 to 101p, but meat traders Thomas Northwick dipped 6 to 36p following an adverse Press mention.

Trusts trended firmer again, with Deansville Capital rising 6 to 350p and General Stockholders 4 to 143p, but S. Pearson fell 14 to 220p in Financials on the lower interim profits.

Shipings made a little progress, P & O deferred closing 3 higher at 136p, in front of today's interim results.

In Firm Tobacco, Bats advanced 5 to 202p, while Imps hardened 11 to 85p. Sobralie added a penny to 34p despite the annual loss.

Gold below best

South African Golds closed showing further overall gains but the market came under severe pressure in the after-hours trade as the bullion price turned easier.

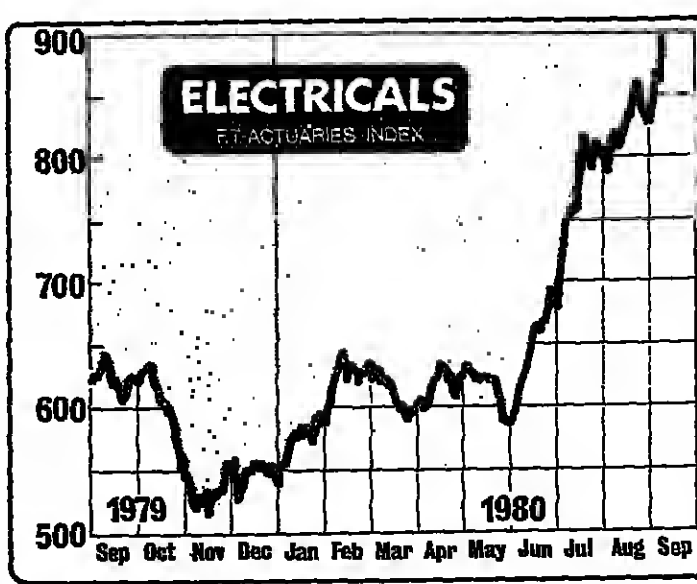
Initially, the market had raced ahead as heavy overnight American demand caused jobbers to mark prices substantially higher. Renewed Johannesburg interest then took prices even higher before large-scale local profit-taking developed.

The selling continued into the afternoon and gathered momentum following the opening of transatlantic markets.

Nevertheless, the Gold Mines still managed a rise of 7.0 for an advance of 67.4 over the past six trading days to a peak 454.5. The bullion price was finally 33.50 easier at \$689 an ounce.

Among the heavyweights, West Driefontein closed 21 up at 241, after a year's high of 241.8, while Anglo American Holdings added 9 to 253, after 234. Mediums showed Blyvoor 40 firmer on balance at 870p, after a high of 883p.

Financials followed a similar pattern. In the South Africans, Anglo American Corporation



468p, added 4 apiece. Recently dull D-I-Y counters staged a modest rally. Cornell Dresses continued to make spectacular progress reflecting the recent bid approach from a private Jersey company and jumped 11 more to 60p. J. T. Parrish advanced 8 to 106p, with a reasonable amount of stock changing hands at the higher levels, while Fine Art Development were again wanted at 73p, up 2½.

Already a rising market, Electricals were well to the fore in the late improvement. GEC were outstanding in the leaders with a rise of 20 to 522p, while Plessey, 250p, and Racal, 336p, rose 11 and 13 respectively. Satisfactory half-yearly figures left BICC 4 dearer at 146p. Secondary issues also recorded some useful gains. Kodak rising 17 to 315p, STC 13 to 460p, and Ferranti 15 to 476p. Unitech firmed 5 to 333p, while Forest factory closures. Turner and Newall improved a few pence to 108p ahead of tomorrow's interim results, but Reckitt and Colman

issues, Somporters rose 25 to 240p on buying in a restricted market, while Bernard Matthews, interim results expected next week, closed 5 up at 263p. Danish Bacon provided one of the day's dull features by plummeting 14 to 92p following the interim loss and passed dividend.

Bowater satisfy

Taking their cue from a buoyant gilt-edged market, the miscellaneous industrial leaders improved on earlier firm levels following the Treasury's statement and closed at the day's best. Boots ended 7 better at 253p and Unilever improved a similar amount to 505p. Bowater also gained 7, to 173p, following the satisfactory half-yearly figures. Bechem advanced 6 to 154p, while Metal Box, 232p, retrieved 6 of the previous day's fall of 10, which followed news of proposed factory closures. Turner and Newall improved a few pence to 108p ahead of tomorrow's interim results, but Reckitt and Colman

FINANCIAL TIMES STOCK INDICES										
	Sept. 9	Sept. 8	Sept. 7	Sept. 6	Sept. 5	Sept. 4	Sept. 3	Sept. 2	Sept. 1	Year
Government Secs.	71.04	69.63	69.44	68.93	68.04	67.50	67.01	66.51	66.01	73.01
Fixed Interest	70.83	70.57	70.50	70.15	69.89	69.61	69.34	69.07	68.80	73.60
Industrial	503.9	492.0	490.4	488.7	486.7	484.7	482.7	480.7	478.7	477.4
Gold Mines	484.5	447.5	448.0	410.5	405.0	401.3	398.5	395.7	392.9	390.5
Ord. Div. Yield	7.26	7.45	7.41	7.47	7.47	7.47	7.47	7.47	7.47	7.47
Earnings, Yld. % (Full)	17.19	17.55	17.54	17.37	17.38	17.38	17.38	17.38	17.38	17.38
P/E Ratio (Full)	7.06	6.90	6.94	7.08	7.08	7.08	7.08	7.08	7.08	7.08
Total Gains	21,781	20,528	18,731	18,787	18,398	18,088	17,850	17,612	17,374	17,136
Equity turnover £m.	100.42	111.72	118.00	97.86	98.95	98.95	98.95	98.95	98.95	98.95
Equity bargains total	116,106	14,088	13,608	14,048	11,863	13,27				

10 am 491.9, 11 am 493.0, Noon 494.5, 1 pm 494.5, 2 pm 495.0, 3 pm 495.7, 4 pm 496.2, 5 pm 496.7, 6 pm 497.2, 7 pm 497.7, 8 pm 498.2, 9 pm 498.7, 10 pm 499.2, 11 pm 499.7, 12 pm 500.2, 1 pm 500.7, 2 pm 501.2, 3 pm 501.7, 4 pm 502.2, 5 pm 502.7, 6 pm 503.2, 7 pm 503.7, 8 pm 504.2, 9 pm 504.7, 10 pm 505.2, 11 pm 505.7, 12 pm 506.2, 1 pm 506.7, 2 pm 507.2, 3 pm 507.7, 4 pm 508.2, 5 pm 508.7, 6 pm 509.2, 7 pm 509.7, 8 pm 510.2, 9 pm 510.7, 10 pm 511.2, 11 pm 511.7, 12 pm 512.2, 1 pm 512.7, 2 pm 513.2, 3 pm 513.7, 4 pm 514.2, 5 pm 514.7, 6 pm 515.2, 7 pm 515.7, 8 pm 516.2, 9 pm 516.7, 10 pm 517.2, 11 pm 517.7, 12 pm 518.2, 1 pm 518.7, 2 pm 519.2, 3 pm 519.7, 4 pm 520.2, 5 pm 520.7, 6 pm 521.2, 7 pm 521.7, 8 pm 522.2, 9 pm 522.7, 10 pm 523.2, 11 pm 523.7, 12 pm 524.2, 1 pm 524.7, 2 pm 525.2, 3 pm 525.7, 4 pm 526.2, 5 pm 526.7, 6 pm 527.2, 7 pm 527.7, 8 pm 528.2, 9 pm 528.7, 10 pm 529.2, 11 pm 529.7, 12 pm 530.2, 1 pm 530.7, 2 pm 531.2, 3 pm 531.7, 4 pm 532.2, 5 pm 532.7, 6 pm 533.2, 7 pm 533.7, 8 pm 534.2, 9 pm 534.7, 10 pm 535.2, 11 pm 535.7, 12 pm 536.2, 1 pm 536.7, 2 pm 537.2, 3 pm 537.7, 4 pm 538.2, 5 pm 538.7, 6 pm 539.2, 7 pm 539.7, 8 pm 540.2, 9 pm 540.7, 10 pm 541.2, 11 pm 541.7, 12 pm 542.2, 1 pm 542.7, 2 pm 543.2, 3 pm 543.7, 4 pm 544.2, 5 pm 544.7, 6 pm 545.2, 7 pm 545.7, 8 pm 546.2, 9 pm 546.7, 10 pm 547.2, 11 pm 547.7, 12 pm 548.2, 1 pm 548.7, 2 pm 549.2, 3 pm 549.7, 4 pm 550.2, 5 pm 550.7, 6 pm 551.2, 7 pm 551.7, 8 pm 552.2, 9 pm 552.7, 10 pm 553.2, 11 pm 553.7, 12 pm 554.2, 1 pm 554.7, 2 pm 555.2, 3 pm 555.7, 4 pm 556.2, 5 pm 556.7, 6 pm 557.2, 7 pm 557.7, 8 pm 558.2, 9 pm 558.7, 10 pm 559.2, 11 pm 559.7, 12 pm 560.2, 1 pm 560.7, 2 pm 561.2, 3 pm 561.7, 4 pm 562.2, 5 pm 562.7, 6 pm 563.2, 7 pm 563.7, 8 pm 564.2, 9 pm 564.7, 10 pm 565.2, 11 pm 565.7, 12 pm 566.2, 1 pm 566.7, 2 pm 567.2, 3 pm 567.7, 4 pm 568.2, 5 pm 568.7, 6 pm 569.2, 7 pm 569.7, 8 pm 570.2, 9 pm 570.7, 10 pm 571.2, 11 pm 571.7, 12 pm 572.2, 1 pm 572.7, 2 pm 573.2, 3 pm 573.7, 4 pm 574.2, 5 pm 574.7, 6 pm 575.2, 7 pm 575.7, 8 pm 576.2, 9 pm 576.7, 10 pm 577.2, 11 pm 577.7, 12 pm 578.2, 1 pm 578.7, 2 pm 579.2, 3 pm 579.7, 4 pm 580.2, 5 pm 580.7, 6 pm 581.2, 7 pm 581.7, 8 pm 582.2, 9 pm 582.7, 10 pm 583.2, 11 pm 583.7, 12 pm 584.2, 1 pm 584.7, 2 pm 585.2, 3 pm 585.7, 4 pm 586.2, 5 pm 586.7, 6 pm 587.2, 7 pm 587.7, 8 pm 588.2, 9 pm 588.7, 10 pm 589.2, 11 pm 589.7, 12 pm 590.2, 1 pm 590.7, 2 pm 591.2, 3 pm 591.7, 4 pm 592.2, 5 pm 592.7, 6 pm 593.2, 7 pm 593.7, 8 pm 594.2, 9 pm 594.7, 10 pm 595.2, 11 pm 595.7, 12 pm 596.2, 1 pm 596.7, 2 pm 597.2, 3 pm 597.7, 4 pm 598.2, 5 pm 598.7, 6 pm 599.2, 7 pm 599.7, 8 pm 600.2, 9 pm 600.7, 10 pm 601.2, 11 pm 601.7, 12 pm 602.2, 1 pm 602.7, 2 pm 603.2, 3 pm 603.7, 4 pm 604.2, 5 pm 604.7, 6 pm 605.2, 7 pm 605.7, 8 pm 606.2, 9 pm 606.7, 10 pm 607.2, 11 pm 607.7, 12 pm 608.2, 1 pm 608.7, 2 pm 609.2, 3 pm 609.7, 4 pm 610.2, 5 pm 610.7, 6 pm 611.2, 7 pm 611.7, 8 pm 612.2, 9 pm 612.7, 10 pm 613.2, 11 pm 613.7, 12 pm 614.2, 1 pm 614.7, 2 pm 615.2, 3 pm 615.7, 4 pm 616.2, 5 pm 616.7, 6 pm 617.2, 7 pm 617.7, 8 pm 618.2, 9 pm 618.7, 10 pm 619.2, 11 pm 619.7, 12 pm 620.2, 1 pm 620.7, 2 pm 621.2, 3 pm 621.7, 4 pm 622.2, 5 pm 622.7, 6 pm 623.2, 7 pm 623.7, 8 pm 624.2, 9 pm 624.7, 10 pm 625.2, 11 pm 625.7, 12 pm 626.2, 1 pm 626.7, 2 pm 627.2, 3 pm 627.7, 4 pm 628.2, 5 pm 628.7, 6 pm 629.2, 7 pm 629.7, 8 pm 630.2, 9 pm 630.7, 10 pm 631.2, 11 pm 631.7, 12 pm 632.2, 1 pm 632.7, 2 pm 633.2, 3 pm 633.7, 4 pm 634.2, 5 pm 634.7, 6 pm 635.2, 7 pm 635.7, 8 pm 636.2, 9 pm 636.7, 10 pm 637.2, 11 pm 637.7, 12 pm 638.2, 1 pm 638.7, 2 pm 639.2, 3 pm 639.7, 4 pm 640.2, 5 pm 640.7, 6 pm 641.2, 7 pm 641.7, 8 pm 642.2, 9 pm 642.7, 10 pm 643.2, 11 pm 643.7, 12 pm 644.2, 1 pm 644.7, 2 pm 645.2, 3 pm 645.7, 4 pm 646.2, 5 pm 646.7, 6 pm 647.2, 7 pm 647.7, 8 pm 648.2, 9 pm 648.7, 10 pm 649.2, 11 pm 649.7, 12 pm 650.2, 1 pm 650.7, 2 pm 651.2, 3 pm 651.7, 4 pm 652.2, 5 pm 652.7, 6 pm 653.2, 7 pm 653.7, 8 pm 654.2, 9 pm 654.7, 10 pm 655.2, 11 pm 655.7, 12 pm 656.2, 1 pm 656.7, 2 pm 657.2, 3 pm 657.7, 4 pm 658.2, 5 pm 658.7, 6 pm 659.2, 7 pm 659.7, 8 pm 660.2, 9 pm 660.7, 10 pm 661.2, 11 pm 661.7, 12 pm 662.2, 1 pm 662.7, 2 pm 663.2, 3 pm 663.7, 4 pm 664.2, 5 pm 664.7, 6 pm 665.2, 7 pm 665.7, 8 pm 666.2, 9 pm 666.7, 10 pm 667.2, 11 pm 667.7, 12 pm 668.2, 1 pm 668.7, 2 pm 669.2, 3 pm 669.7, 4 pm 670.2, 5 pm 670.7, 6 pm 671.2, 7 pm 671.7, 8 pm 672.2, 9 pm 672.7, 10 pm 673.2, 11 pm 673.7, 12 pm 674.2, 1 pm 674.7, 2 pm 675.2, 3 pm 675.7, 4 pm 676.2, 5 pm 676.7, 6 pm 677.2, 7 pm 677.7, 8 pm 678.2, 9 pm 678.7, 10 pm 679.2, 11 pm 679.7, 12 pm 680.2, 1 pm 680.7, 2 pm 681.2, 3 pm 681.7, 4 pm 682.2, 5 pm 682.7, 6 pm 683.2, 7 pm 683.7, 8 pm 684.2, 9 pm 684.7, 10 pm 685.2, 11 pm 685.7, 12 pm 686.2, 1 pm 686.7, 2 pm 687.2, 3 pm 687.7, 4 pm 688.2, 5 pm 688.7, 6 pm 689.2, 7 pm 689.7, 8 pm 690.2, 9 pm 690.7, 10 pm 691.2, 11 pm 691.7, 12 pm 692.2, 1 pm 692.7, 2 pm 693.2, 3 pm 693.7, 4 pm 694.2, 5 pm 694.7, 6 pm 695.2, 7 pm 695.7, 8 pm 696.2, 9 pm 696.7, 10 pm 697.2, 11 pm 697.7, 12 pm 698.2, 1 pm 698.7, 2 pm 699.2, 3 pm 699.7, 4 pm 700.2, 5 pm 700.7, 6 pm 701.2, 7 pm 701.7, 8 pm 702.2, 9 pm 702.7, 10 pm 703.2, 11 pm 703.7, 12 pm 704.2, 1 pm 704.7, 2 pm 705.2, 3 pm 705.7, 4 pm 706.2, 5 pm 706.7, 6 pm 707.2, 7 pm 707.7, 8 pm 708.2, 9 pm 708.7, 10 pm 709.2, 11 pm 709.7, 12 pm 710.2, 1 pm 710.7, 2 pm 711.2, 3 pm 711.7, 4 pm 712.2, 5 pm 712.7, 6 pm 713.2, 7 pm 713.7, 8 pm 714.2, 9 pm 714.7, 10 pm 715.2, 11 pm 715.7, 12 pm 716.2, 1 pm 716.7, 2 pm 717.2, 3 pm 717.7, 4 pm 718.2, 5 pm 718.7, 6 pm 719.2, 7 pm 719.7, 8 pm 720.2, 9 pm 720.7, 10 pm 721.2, 11 pm 721.7, 12 pm 722.2, 1 pm 722.7, 2 pm 723.2, 3 pm 723.7, 4 pm 724.2, 5 pm 724.7, 6 pm 725.2, 7 pm 725.7, 8 pm 726.2, 9 pm 726.7, 10 pm 727.2, 11 pm 727.7, 12 pm 728.2, 1 pm 728.7, 2 pm 729.2, 3 pm 729.7, 4 pm 730.2, 5 pm 730.7, 6 pm 731.2, 7 pm 731.7, 8 pm 732.2, 9 pm 732.7, 10 pm 733.2, 11 pm 733.7, 12 pm 734.2, 1 pm 734.7, 2 pm 735.2, 3 pm 735.7, 4 pm 736.2, 5 pm 736.7, 6 pm 737.2, 7 pm 737.7, 8 pm 738.2, 9 pm 738.7, 10 pm 739.2, 11 pm 739.7, 12 pm 740.2, 1 pm 740.7, 2 pm 741.2, 3 pm 741.7, 4 pm 742.2, 5 pm 742.7, 6 pm 743.2, 7 pm 743.7, 8 pm 744.2, 9 pm 744.7, 10 pm 745.2, 11 pm 745.7, 12 pm 746.2, 1 pm 746.7, 2 pm 747.2, 3 pm 747.7, 4 pm 748.2, 5 pm 748.7, 6 pm 749.2, 7 pm 749.7, 8 pm 750.2, 9 pm 750.7, 10 pm 751.2, 11 pm 751.7, 12 pm 752.2, 1 pm 752.7, 2 pm 753.2, 3 pm 753.7, 4 pm 754.2, 5 pm 754.7, 6 pm 755.2, 7 pm 755.7, 8 pm 756.2, 9 pm 756.7, 10 pm 757.2, 11 pm 757.7, 12 pm 758.2, 1 pm 758.7, 2 pm 759.2, 3 pm 759.7, 4 pm 760.2, 5 pm 760.7, 6 pm 761.2, 7 pm 761.7, 8 pm 762.2, 9 pm 762.7, 10 pm 763.2, 11 pm 763.7, 12 pm 764.2, 1 pm 764.7, 2 pm 765.2, 3 pm 765.7, 4 pm 766.2, 5 pm 766.7, 6 pm 767.2, 7 pm 767.7, 8 pm 768.2, 9 pm 768.7, 10 pm 769.2, 11 pm 769.7, 12 pm 770.2, 1 pm 770.7, 2 pm 771.2, 3 pm 771.7, 4 pm 772.2, 5 pm 772.7, 6 pm 773.2, 7 pm 773.7, 8 pm 774.2, 9 pm 774.7, 10 pm 775.2, 11 pm 775.7, 12 pm 776.2, 1 pm 776.7, 2 pm 777.2, 3 pm 777.7, 4 pm 778.2, 5 pm 778.7, 6 pm 779.2, 7 pm 779.7, 8 pm 780.2, 9 pm 780.7, 10 pm 781.2, 11 pm 781.7, 12 pm 782.2, 1 pm 782.7, 2 pm 783.2, 3 pm 783.7, 4 pm 784.2, 5 pm 784.7, 6 pm 785.2, 7 pm

**AUTHORISED
UNIT
TRUSTS**

**MOORE &
SEAS**
S
Management Limited
Jersey 0334 739923
Incorporated in Jersey
Listing Sept. 24 1.35
Luxembourg
US\$2.84
Set value Sept. 2 1.41

[illegible]

754	10.00	05.50	
755	10.00	05.50	
756	10.00	05.50	
757	10.00	05.50	
758	10.00	05.50	
759	10.00	05.50	
760	10.00	05.50	
761	10.00	05.50	
762	10.00	05.50	
763	10.00	05.50	
764	10.00	05.50	
765	10.00	05.50	
766	10.00	05.50	
767	10.00	05.50	
768	10.00	05.50	
769	10.00	05.50	
770	10.00	05.50	
771	10.00	05.50	
772	10.00	05.50	
773	10.00	05.50	
774	10.00	05.50	
775	10.00	05.50	
776	10.00	05.50	
777	10.00	05.50	
778	10.00	05.50	
779	10.00	05.50	
780	10.00	05.50	
781	10.00	05.50	
782	10.00	05.50	
783	10.00	05.50	
784	10.00	05.50	
785	10.00	05.50	
786	10.00	05.50	
787	10.00	05.50	
788	10.00	05.50	
789	10.00	05.50	
790	10.00	05.50	
791	10.00	05.50	
792	10.00	05.50	
793	10.00	05.50	
794	10.00	05.50	
795	10.00	05.50	
796	10.00	05.50	
797	10.00	05.50	
798	10.00	05.50	
799	10.00	05.50	
800	10.00	05.50	

[illegible][illegible]

... ..	2.07
.. .89 64.53	2.07
.. .90 64.53	1.40
U. Hart scaling Sept. 50.	---
see N.M.	---
..... Canada.	---
..... 21.63	11.00
d. Inv. Advisors	---
d. Hill, C.A.	01-623 4680
US\$ 82	---
US\$ 84	1.41
3. Mexico railways:	---
..... Ltd.	---
tion, Bermuda	---
S. Heller,	Jersey
192383	---
.....	1.20
.....	---
US\$ 71	---
US\$ 72	8.73
US\$ 73	---
US\$ 74	---
US\$ 75	---
US\$ 76	---
US\$ 77	21.17
US\$ 78	---
US\$ 79	12.25
at August 31.	---
modity Trusts	---
Douglas, Intl. 0623	2.85
.....	51.71
and S.A.	---
Luxembourg	---
US\$49.12	1 -
Investment - Intl	---
74 74 74 74	0-4000 Frankfurt
75 75 75 75	---
76 76 76 76	---
77 77 77 77	---
78 78 78 78	---
79 79 79 79	---
80 80 80 80	---

Ltd.		
Million, Bermuda		
US\$943 7-1-1		
Ltd.		
City, London EC2		
No. 885100		
1984	1.52	1.20
1985	1.52	1.20
1986	1.52	1.20
1987	1.52	1.20
1988	1.52	1.20
1989	1.52	1.20
1990	1.52	1.20
1991	1.52	1.20
1992	1.52	1.20
1993	1.52	1.20
1994	1.52	1.20
1995	1.52	1.20
1996	1.52	1.20
1997	1.52	1.20
1998	1.52	1.20
1999	1.52	1.20
2000	1.52	1.20
2001	1.52	1.20
2002	1.52	1.20
2003	1.52	1.20
2004	1.52	1.20
2005	1.52	1.20
2006	1.52	1.20
2007	1.52	1.20
2008	1.52	1.20
2009	1.52	1.20
2010	1.52	1.20
2011	1.52	1.20
2012	1.52	1.20
2013	1.52	1.20
2014	1.52	1.20
2015	1.52	1.20
2016	1.52	1.20
2017	1.52	1.20
2018	1.52	1.20
2019	1.52	1.20
2020	1.52	1.20
2021	1.52	1.20
2022	1.52	1.20
2023	1.52	1.20
2024	1.52	1.20
2025	1.52	1.20
2026	1.52	1.20
2027	1.52	1.20
2028	1.52	1.20
2029	1.52	1.20
2030	1.52	1.20
2031	1.52	1.20
2032	1.52	1.20
2033	1.52	1.20
2034	1.52	1.20
2035	1.52	1.20
2036	1.52	1.20
2037	1.52	1.20
2038	1.52	1.20
2039	1.52	1.20
2040	1.52	1.20
2041	1.52	1.20
2042	1.52	1.20
2043	1.52	1.20
2044	1.52	1.20
2045	1.52	1.20
2046	1.52	1.20
2047	1.52	1.20
2048	1.52	1.20
2049	1.52	1.20
2050	1.52	1.20
2051	1.52	1.20
2052	1.52	1.20
2053	1.52	1.20
2054	1.52	1.20
2055	1.52	1.20
2056	1.52	1.20
2057	1.52	1.20
2058	1.52	1.20
2059	1.52	1.20
2060	1.52	1.20
2061	1.52	1.20
2062	1.52	1.20
2063	1.52	1.20
2064	1.52	1.20
2065	1.52	1.20
2066	1.52	1.20
2067	1.52	1.20
2068	1.52	1.20
2069	1.52	1.20
2070	1.52	1.20
2071	1.52	1.20
2072	1.52	1.20
2073	1.52	1.20
2074	1.52	1.20
2075	1.52	1.20
2076	1.52	1.20
2077	1.52	1.20
2078	1.52	1.20
2079	1.52	1.20
2080	1.52	1.20
2081	1.52	1.20
2082	1.52	1.20
2083	1.52	1.20
2084	1.52	1.20
2085	1.52	1.20
2086	1.52	1.20
2087	1.52	1.20
2088	1.52	1.20
2089	1.52	1.20
2090	1.52	1.20
2091	1.52	1.20
2092	1.52	1.20
2093	1.52	1.20
2094	1.52	1.20
2095	1.52	1.20
2096	1.52	1.20
2097	1.52	1.20
2098	1.52	1.20
2099	1.52	1.20
2100	1.52	1.20
2101	1.52	1.20
2102	1.52	1.20
2103	1.52	1.20
2104	1.52	1.20
2105	1.52	1.20
2106	1.52	1.20
2107	1.5	

[illegible]

Crossbrook St., Chestnut, Herts. Waltham X	
Portfolio Fed. Acc.	168.8
Portfolio Fed. Ind.	158.4
Portfolio Man. Acc.	47.4
Portfolio Man. Ind.	45.4

Bresham Life Ass. Soc. Ltd.	
2 Prince of Wales Rd, B'mouth. (2002)	
G.L. Cash Fund	115.5
G.L. Equity Fund	127.4
G.L. Gilt Fund	134.1
G.L. Ind. Fund	127.8
G.L. Ind. Fund	127.8
G.L. Ind. Fund	127.8

18 9111	Growth & Sec. Life Ass. Soc., Ltd.	
	Weir Bank, Bray-on-Thames, Berks.	0628
	Flexible Finance	113.9
	Landbank Secs.	55.00
	Landbank Secs. Ass.	731.8
	G. & S. Super Fd.	18.573
	Guardian Royal Exchange	
	Royal Exchange, E.C.3.	01-28
	Guarantee Assurance	
	Property Bond	248.2
	PRP Limited Life Assurance Limited	258.5

[illegible][illegible][illegible]

Son Life Pension Management Ltd.		
(Funds for individual pension contracts)		
Pens. Managed Cap.	1,00.4	185.7 +0.8
Pens. Property Cap.	98.5	183.7 +0.1
Pens. Property Acc.	99.3	104.6
Pens. Equity Cap.	104.6	212.2 +1.7
Pens. Equity Acc.	105.9	111.5 +1.1
Pens. F. Interest Cap.	94.8	99.8
Pens. F. Interest Acc.	95.0	101.0 +0.6
Pens. Cash Cap.	98.7	103.9
Pens. Cash Acc.	97.7	104.4

[illegible][illegible]

1

1

FINANCE. LAND—Continued[illegible][illegible]

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security.

Rent from £145psqft
Factories and Warehouses
Phone 01-366 1271
Fairview
Creating hives for industry

FINANCIAL TIMES

Wednesday September 10 1980

LET THE GIN BE HIGH & DRY!
Really Dry Gin

THE LEX COLUMN

Times tries to buy out old technology jobs

BY CHRISTIAN TYLER, LABOUR EDITOR

Times Newspapers, which recently claimed that its future was in jeopardy, is offering sums of almost £20,000 each to some printers in order to buy out piece rate earnings, and start operating the new printing technology.

Compositors for The Times and Sunday Times are considering the outcome of negotiations with their union, the National Graphical Association. If they give their assent this week, the new technology could be in use by the end of the month.

Times Newspapers would become the second newspaper group with major Fleet Street titles to make the switch. The Mirror Group struck a similar deal with its compositors in 1977, for sums ranging between £500 and £10,000, but the conversion to photo-composition has not yet been completed. The Observer plans to introduce photo-composition by the end of this year.

At The Times and Sunday Times, 149 men operating linotype machines or hand-setting lead type would receive com-

pensation ranging from £4,000 to over £19,000 as a lump sum, depending on their present earnings.

This would be to compensate them for losing their "hot metal" jobs and for moving to quite different work, for which they would be paid a weekly wage.

It has the effect of buying out the historical piece rate system—the "London scale of prices"—under which most Fleet Street compositors work and which can bring them as much as £500 a week. At The Times, average

earnings of between £240 and £325 a week would be replaced by a common rate of £227.50 a week.

The Times negotiations follow the NGA's agreement in principle to switch to new technology following the largely abortive year-long closure of the newspapers by the management in an effort to secure major reforms. The NGA said at the time that it had never opposed the new technology as such.

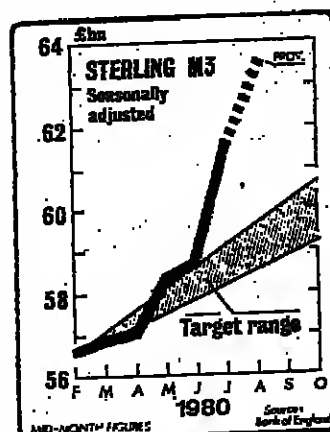
But it did oppose, and successfully resist, the company's attempt to allow journalists and

telephone advertisement staff to type straight into the system. Journalists on The Times said they would not take on any keyboard work unless it was voluntarily relinquished. The issue now appears to have been deferred indefinitely.

The latest negotiations affect six different categories of compositors who will become a single unit for The Times and Sunday Times once the switch is made. Of the 149 involved, about 25 stand to receive the top compensation sum of nearly £20,000.

Reassurance from the Treasury

Index rose 11.9 to 503.9



Extraordinary efforts were made by the Treasury yesterday to defuse the impact of some far from satisfactory monetary and public borrowing figures. As it turned out, the Treasury need not have tried so hard. A rise of 3 per cent in sterling M3 in the August banking month, boosted by further unwinding of the corset dislocations, was fully discounted in the market. So was the figure of £1.37bn for the central Government borrowing requirement, even though this August return takes the total for the first five months of the financial year up to almost £7bn compared with the Budget forecast of £9.3bn for the full year.

For a while the appearance of the Treasury's 11-point statement in dribs and drabs over the tape left gilt-edged dealers in confusion, but soon enough the market jumped to a bullish conclusion. Only by some inexplicable oversight, it was decided, had the Treasury left out point 12, that Minimum Lending Rate will come down soon. Before long there was a buzz about the prospect for a cut as early as tomorrow, and gilt-edged prices which had been buoyant in the morning—when the 1991 tap stock was exhausted—surged further ahead to record overall gains of almost 3 points at the long close. The F.T. Government Securities Index put on 1.41 points to 71.04, making a total gain of 5 per cent in eight trading days.

The substance of the Treasury's comments is that the PSBR is not, after all, going to overshoot by any serious margin, while it is turning to index-linked National Savings to take some of the pressure off the gilt-edged market. Certainly it makes sense to make amendments for the fact that the contribution of National Savings to the funding has been allowed to wither away to very low levels in recent months (only about £3m in June).

But the official comments on the money supply are less convincing. Even after stripping out the estimated 5 per cent or so of sterling M3 represented by exceptional distortions in July and August, underlying growth has been 7 per cent since the last month of February; and allowing for the fact that part of the corset leakages were attributable to the spring months, it would appear that underlying sterling M3 has been growing at an annual rate of at least 15 per cent with no real evidence yet of any slowdown.

Where are the City's monetarists now? It looks very much as though the Government is going to declare that recent monetary history is bunk, and will gamble on the appearance of favourable trends in public finances and private sector borrowing to make its hopes for the future come true. Whatever their doubts about this, yesterday no gilt-edged analysts could ignore the interest rate carrot.

Reckitt & Colman

Even allowing for the pressures from the strength of sterling, Reckitt and Colman is fast catching up on the clearing of its accounts. At the interim stage, pre-tax profits have fallen by a further 10 per cent to £22.8m, dashing earlier hopes of a recovery following the 20 per cent decline in the same period of 1979. The outturn for the full year is unlikely to be much better than £48m, against £51m, the lowest level for five years.

The company is backing out from earlier diversifications. It has bailed out £2m from loss elimination in the U.S. and new losses of about £1m in Germany will be tackled by the disposal of the household products business there. The rise in sterling over the period cost the company about £4m in terms of currency translation effects, while the margin in household product exports from the U.K. has disappeared. Interest charges, meantime, are up from £3.2m to £7m.

Pharmaceuticals volume is well up, but margins have been squeezed by the increase in development and marketing costs and the new anti-arthritis drug is finding the competition tough. With falling returns, borrowings are likely to increase from a quarter of capital employed to about a third. The share price, down 2p yesterday at 155p, produces a yield of only 6.1 per cent assuming

ing an unchanged dividend, and may prove vulnerable.

Standard Chartered

After the recent disappointing figures from the UK clearing, Standard Chartered's 41 per cent pre-tax profits rose to £121.3m, pre-tax provided an unexpected fillip to the share price, which soared by 40p to 595p. Even allowing for exceptional bullion profits, which amounted to maybe £12m, the pre-tax improvement is more than a quarter. Several overseas operations have matched or exceeded the rate of progress in South Africa, where Rand profits are up by 38 per cent. The UK and the U.S. have been distinctly more sluggish, and could remain so in the second half, but the group could still make around £230m for the full 12 months compared with £169.8m last time.

With total assets of around £140m, Standard Chartered is fast catching up on the clearing of its accounts. At the interim stage, pre-tax profits have fallen by a further 10 per cent to £22.8m, dashing earlier hopes of a recovery following the 20 per cent decline in the same period of 1979. The outturn for the full year is unlikely to be much better than £48m, against £51m, the lowest level for five years.

BICC

BICC's interim profits are £6.4m up at £24m, pre-tax thanks mainly to its traditional cables activities. Volume on this side has fallen by 6 per cent and closure costs—though not quite so high as last year's £3m—have been still heavy. Yet cable profits are still £8.6m higher at £10.3m, which means that, after a prolonged reorganisation this business is at last making acceptable returns. The workforce has been cut back, while the value added has been increased by a greater emphasis on specialty cables.

However, BICC will do well to maintain its profits through the current half-year. Parts of the cables and industrial product divisions have seen quite a share setback since April. The overseas activities are doing well, especially in Canada and Australia, but a swing from copper stock gains to losses could knock their profits by about £2m over the year. Overall, BICC could make roughly £70m pre-tax compared with £65.6m, and the prospective yield at 146p is nearly 9.1 per cent.

CBI to warn Thatcher in talks

By John Elliott, Industrial Editor

ANOTHER ATTEMPT to persuade the Government to ease the recession's impact on manufacturing industry by relaxing some Government policies will be made on Friday. Sir Ray Pennock, president of the Confederation of British Industry, will meet the Prime Minister for talks at Downing Street.

Sir Ray will warn Mrs. Thatcher that more companies are becoming dissatisfied with what they regard as a lack of Government support for industry, and that this will become public knowledge after next Wednesday's monthly meeting of the confederation's council.

He will add that the unrest is reflected in resolutions tabled for the confederation's annual conference, which takes place early in November.

He will probably add that the Government will come under attack at the conference, an attack muted only by pledges of general support, unless sterling's value on the foreign exchanges is reduced and action is taken to ease liquidity problems.

This will be the most blunt and outspoken plea for help delivered by the CBI since last year's General Election. It partly reflects a feeling among some senior industrialists that the CBI has become too concerned about being loyal to the Government and, therefore, too closely identified with the fortunes of the Conservative Party.

Some industrialists hope that Sir Terence Beckett will help to correct this trend when he starts in his new job as the confederation's director-general at the beginning of next month.

It is unclear whether Sir Terence will accompany Sir Ray to Friday's Downing Street meeting, which is the latest in a series of contacts between the Prime Minister and the CBI.

The last such meeting was in July, three months after the death of Sir John Methven, then director-general, who had developed a close rapport with Mrs. Thatcher.

There is however no question of the CBI opposing the Government's basic economic policies. What Sir Ray will say is that while the basic policies should be maintained, industry needs urgent help.

Interest rates should be reduced so that the CBI hopes, sterling's value against other currencies falls. The national insurance surcharge should be gradually abolished, as should the four-month moratorium imposed last year on regional development grants.

Both these items would help corporate liquidity. However, they have been refused by the Government, partly because of their cost in terms of public spending, partly because Ministers do not want to make it easier for companies to afford high pay rises at the start of the new pay round.

Sir Ray will probably tell the Prime Minister there is evidence that the level of pay settlements is already being reduced quite dramatically in the private sector, that as a result the Government should not delay an initiative on either the insurance surcharge or regional grants.

Ford sales chief succeeds Beckett, Page 7

Polish unions threaten to desert official structure

BY CHRISTOPHER BOBINSKI IN WARSAW

THE PROSPECT of mass desertion from Poland's official Communist Party-dominated trade unions and sagging party confidence have forced Mr. Stanislaw Kania, the new party leader, to make a personal morale-boosting visit to Gdansk and industrial Silesia.

Mr. Kania's visit to the main focal points of worker discontent took place against a background of moves by a growing number of Polish unions to disaffiliate from the General Trades Union Council (CRZZ).

The leadership clearly fears that, unless this movement can be headed off at the outset, it threatens to deprive the official trade unions of many of their members and so weaken one of the principal instruments of party control. Hitherto the unions have been organised on classical Leninist lines as "transmission belts" of the party.

Individual unions have been organised on an industrial basis, affiliated to the CRZZ. One of the first moves in the direction of desertion from the official union movement has been taken by the dockers' and sailors' union which has decided to call a special congress next week to propose formal disaffiliation from the

GRZZ. A similar move is planned by the 100,000 strong Union of Cultural Workers, which represents journalists among others.

In Warsaw, workers from 30 factories have also joined a regional independent trade union.

After his tour round the Gdansk shipyards which have been the centre of demands for free trade unions, Mr. Kania told his audience that "patience and humility were needed to rebuild working class confidence in the party" and reiterated that workers had the right to new self-governing unions. But the former security chief turned party first secretary warned that "the party would be firm wherever actions against socialism were undertaken."

This has been interpreted as a thinly veiled attack on the role played by dissident activists in helping to establish the new unions. The youth newspaper Sztandar Młodych yesterday accused members of the dissident movement KOR, like Mr. Jacek Kuron, of being "false friends" who aimed to exploit working class discontent for "anti-socialist purposes."

Meanwhile, despite promises of a freer Press, the censor's

office appears to be as active as ever. Little news has been permitted to appear in the national Press on the moves by the official unions to disaffiliate from the calls for an end to censorship have been one of the principal demands of striking workers.

Despite official declarations of reform, the General Trades Union Council has changed little. But some of the more active official unions appear to see their only hope of survival in disaffiliation. Otherwise they face the danger of disintegration under the pressure of the independent unions.

A further indication that the process of reform pledged by the authorities will not be easy came from a meeting yesterday of the central board of the Polish Writers' Union. The board issued a declaration in which it thanked "the Polish workers and especially those in Gdansk and Szczecin for all that they had done for the common good." Party members present at the meeting apparently did all they could to keep that phrase out of the statement. This is a sign that the authorities are still hoping to isolate the working class movement. Rare frankness of economic chief, Page 3

Finance expert is next GM chairman

By Ian Hargreaves in New York

GENERAL MOTOR the world's largest motor company, yesterday named Mr. Roger Smith as its next chairman, thus completing a ritual of a traditionally orderly transfer of power in the company.

Mr. Smith takes over from Mr. Thomas Murphy on January 1. On the same date Mr. F. James McDonald will replace Mr. Pete Estes as company president. By January the number two job. By January both Mr. Murphy and Mr. Estes will have reached the mandatory retirement age of 60.

GM has maintained another tradition of many years by putting a finance man in the top executive post and an engineer or products man in the presidency.

Mr. Smith, who is 55, joined the company as a clerk in Detroit at the age of 24, rising through the financial ranks to his current responsibility of overseeing its public relations and financial interests.

He has spent only one period outside General Motors—when he served in the U.S. Navy.

The same is true of Mr. McDonald, who was only 18 when he entered the GM fold as a trainee at the company's training institute. He worked in foundries, ran the Pontiac division plant and is now one of the company's four executive vice-presidents, from whom GM normally recruits its president and chairman.

Mr. Smith will become one of the best-paid men in the U.S. Last year Mr. Murphy earned slightly under \$1m—less than in 1978, because bonus payments were cut as GM profits fell.

New Ford prices may mean losses, Page 5

Weather

UK TODAY
CLOUDY, rain spreading east. London, S. and S.E. England, Channel Isles, Midlands, E. Anglia

Cloudy, rain spreading from west. Max. 18G to 20G (64F to 68F).

E. N.E. and N. England, Borders, Edinburgh, Dundee. Bright at first, rain later. Max. 18C (64F).

S.W. and N.W. England, Wales, Lakes, I. of Man, S.W. Scotland, Argyll, N. Ireland

Rain, clearing later. Max. 17G to 20C (63F to 68F).

Aberdeen, Moray, N.E. Scotland, Orkney, Shetland

Showers, sunny intervals. Max. 14C to 16C (57F to 61F)

Glasgow, Cent. Highlands, N.W. Scotland

Bright intervals, rain later. Max. 16C to 17C (61F to 63F).

Outlook: Rain, heavy at times.

WORLDWIDE

	Y'day	Today	Y'day	Today
	midday	midday	°C	°F
Ajaccio	24	25	11	52
Algiers	28	22	14	57
Amman	17	23	63	145
Algiers	28	22	14	57
Bahrain	35	36	95	203
Batavia	22	22	72	160
Bombay	29	34	84	183
Buenos Aires	12	14	54	109
Calcutta	15	20	59	136
Canton	20	20	68	152
Cebu	15	15	59	136
Colon	15	15	59	136
Hankow	15	15	59	136
Hong Kong	15	15	59	136
Kobe	15	15	59	136
London	15	15	59	136
Lyons	15	15	59	136
Manila	15	15	59	136
Medan	15	15	59	136
Osaka	15	15	59	136
Paris	15	15	59	136
Perth	15	15	59	136
Rangoon	15	15	59	136
Seoul	15	15	59	136
Singapore	15	15	59	136
Taipei	15	15	59	136
Tokyo	15	15	59	136
Yokohama	15	15	59	136

Dutch group may bid for NEB holding in software consortium

BY GUY DE JONQUIERES

THE National Enterprise Board is at an advanced stage of negotiation to sell its holdings in two companies specialising in the design of software, the programs used in computer systems.

The planned sales will deliver a possibly fatal blow to Insac, the consortium established by the NEB with funding of £20m three years ago to boost the development and marketing of British software abroad.

The two companies, Systems Designers Limited (SDL) and Systems Programmers Limited (SPL), were among the five founding members of Insac. But both have been dis-appointed by the consortium's poor performance and ceased to play an active part in its activities some months ago.

The NEB is understood to have received a number of approaches from private investors interested in acquiring its

holdings. It owns 26 per cent of SDL's equity with 80 per cent of SPL's ordinary shares and 25 per cent of its voting shares.

The NEB is expected to earn a handsome return on its initial equity investment in the two companies, which totalled about £940,000. Both companies have increased their profits significantly since the purchases.

The front-runner to purchase the board's interest in SPL is believed to be Estel, the Dutch steel manufacturing group which is diversifying into computer services.

A sale to a foreign bidder could be politically sensitive, since the NEB originally acquired its holdings in Insac's members to ensure that they remained under British control.

Mr. Peter Adams, SPL's chairman, has been urging the NEB to sell its shares for some time. But the board started to consider the possibility seriously

only after the Government ordered it to start disposing of its investments in private companies.

Mr. Philip Swinstead, SDL's chairman and principal shareholder, is keen to take the company public within the next few years. Several British merchant banks are believed to be interested in buying the NEB's holding.

John Elliott writes: The failure of Insac to develop into a self-contained viable venture is the most serious setback that the NEB has suffered among its major new investments since it was set up five years ago.

Insac was originally regarded as a key part of the portfolio of electronics companies developed by the board under Sir Leslie Murphy, its former chairman. It was later joined by other ventures including the controversial Nexos micro chip project and Nexos, an office systems subsidiary.

Electronics firms invest £20m

BY GUY DE JONQUIERES

TWO leading U.S. high technology companies yesterday announced investments in Britain, together worth about £20m.

General Instrument of New York is planning a £8.5m expansion which will double its microchip production plant at Glenrothes, in Fife, Scotland. About 40 per cent of the cost of the project, which is expected to create 500 jobs, is being met by various Government aids.

Burrage, one of the major U.S. computer and business equipment manufacturers, is to build a training college and international communications centre at Milton Keynes, in Buckinghamshire, at a cost of more than £10m.

The first phase of the Burrage scheme, due to be completed in early 1983, will be a 160,000 sq ft residential training college for 400 students. It will be used to train Burrage staff in the UK and Europe and customers of the company.

Burrage, which already has seven factories in the UK, will base its Europe-Africa division's communications network in Milton Keynes. It also plans to establish a major European distribution centre there for exporting computer systems to world markets.

Mr. Eric McGlone, vice-president of Burrage, said the company had more than doubled its business in Europe and Africa in the past five years and was confident that

demand for its products would continue to grow.

General Instrument's Glenrothes plant was set up in 1969 and manufactures a range of silicon chips for applications in telecommunications, micro-computers, calculators, and television games.

It makes chips used in television sets equipped to receive Prestel, the Post Office view-data service which enables subscribers to interrogate a computer over a telephone line. Dr. Ed Sack, senior vice-president of General Instrument's micro-electronics division, said that Glenrothes was the keystone of the company's entire European operation and would, by 1985, be one of the most advanced microcircuit fabrication plants in the world.

Moves to reassure markets

Continued from Page 1

growth will come back within the existing target range even though the trend from now on should be in the right direction.

Similarly, the Treasury expects public-sector borrowing to drop from now on despite yesterday's figures showing that central Government borrowing of £6,690m in the first five months of 1980-81 was three-quarters of the forecast total for the full 12 months.

Gilt analysts have recently estimated that public-sector bor-

rowing for the whole of 1980-81 will exceed substantially the expected level, but the Whitehall view remains that any overshoot will be small.

This is because of the cumulative impact of petroleum revenue tax, receipts from sales of assets, and the rebate on the UK's contributions to the EEG budget, as well as attempts to rein back defence spending.

The position will be reviewed in six to eight weeks before the publication of the usual autumn economic forecasts. The present

view is that it will not be necessary to take fiscal action to hold down borrowing.

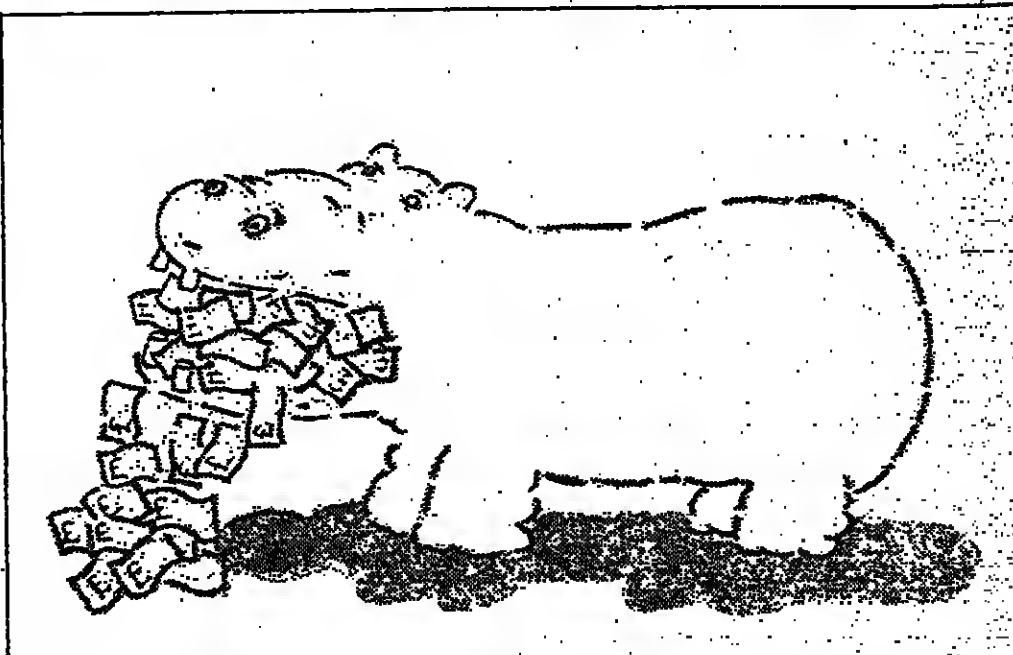
While yesterday's moves can partly be seen as an answer to the Government's critics, they were particularly aimed at the gilt-edged market in the hope of convincing investors that official funding needs will be lower from now onwards.

The extension of the index-linked national savings scheme is partly intended to help industry. The hope is that direct

saver will reduce the amount of gilt-edged stock which has to be sold, making it possible to cut interest rates and encouraging companies to issue new interest loans for the first time in nearly a decade.

The main impact of the issue of new certificates is likely to be during the rest of 1980-81 with smaller sales after then. But no decision has been made about whether the scheme could be opened to those under 60, although this has not been ruled out.

Is your Share Register eating up your profits?



There it sits in your company, eating up wages, office space, equipment and administrative costs. If it has a sophisticated appetite it may also demand more than its fair share of your computer time, which could be put to more profitable use.

Yet for a modest charge you could have everything over to NatWest Registrars. And enjoy economies without any loss of security or ease of access.

We have computer facilities and programs specially designed for share registration, and we act for over 300 companies and local authorities.

The computer updates registers daily and can provide a wealth of useful statistics. It also makes the posting of Annual Reports and the paying of dividends simplicity itself.

Our services are provided by highly-trained staff who give personal attention. We would be happy to send you a brochure giving full details.

It's essential reading for any company thinking of giving an expensive department a more sensible home.

Write to the Registrar or telephone him on 0272-297144.

NatWest
Registrars Department

National Westminster Bank Ltd. Registrars Department
37 Broad Street, Bristol BS9 7NH

Registered at the Post Office. Printed by St. Clement's Press for and published by The Financial Times Ltd., Bracken House, Cannon Street, London, EC4A 3DF.

© The Financial Times Ltd., 1980.